

MAGMA COPPER COMPANY

SAN MANUEL DIVISION

AND

UNITED STEELWORKERS OF AMERICA  
AFL-CIO-CLC  
LOCAL UNION NO. 937

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Our vision is to see a proud, highly motivated, flexible work force who are self directed, fairly compensated, safety minded, and harmoniously producing a low cost quality product. Long-term employment security will be enhanced through basic wages and benefits coupled with flexible compensation which reward employees for cost improvements and expanding profits. The result of this effort would be a highly respected, cost competitive, internationally and nationally recognized company that is consistently aware of the need for continuing growth through strategic planning and employee involvement. All employees would be continuously trained and educated to perform multiple tasks to increase their sense of self worth and their value to the company. The emphasis would be in safe, cost competitive production that would set standards for this and other industries.

**CERTIFICATION, RECOGNITION, AND  
PARTIES TO AGREEMENT**

**1-1 Parties to Agreement**

The parties to this Agreement are:

MAGMA COPPER COMPANY, SAN MANUEL DIVISION, hereinafter referred to as the Company, and UNITED STEELWORKERS OF AMERICA, AFL-CIO-CLC, hereinafter referred to as the Union.

**1-2 Certification and Recognition**

- A. The term "employees" as used in this Agreement shall include all occupants of job classifications wherever they are located, or may be transferred within the San Manuel Division of Magma Copper Company found to constitute an appropriate unit in the Certification of Representatives issued by the National Labor Relations Board, dated May 6, 1964, Case No. 28-RC-1193, as set forth in Exhibit 1 of this Agreement.
- B. The Company recognizes the Union as the sole bargaining agent for such employees in respect to rates of pay, wages, hours of employment, and other conditions of employment during the term of this Agreement.

**ARTICLE 2**

**CHECKOFF AND UNION DUES**

**2-1 Employees Eligible to Checkoff**

Employees eligible to checkoff are those coming within the Bargaining Unit as set out in Exhibit 1, who are members of the Union.

**2-2 Checkoff Obligation of Company**

- A. The Company will deduct (subject to the priority of deduction for social security, withholding tax, hospital and medical deductions, and all other valid assignments or deductions by operation of law) and promptly remit to the International Treasurer of the Union a single deduction for the first month only to cover membership, initiation, and/or reinstatement fees and thereafter regular monthly Union dues and uniform assessments for the current month from the first pay of each month of each employee who:
  - 1. Is eligible under paragraph 2-1 of this Article, and,
  - 2. Has on file with the Company a valid assignment authorizing such deduction.
- B. In order to be valid, any such assignment must:

1. Be signed and dated by the employee in the presence of a witness and be delivered to the Company at least eight (8) days prior to the first pay day on which it is to take effect, and,
2. Be executed in duplicate (one copy for the Company, one copy for the Union).

**FORM OF ASSIGNMENT OF DUES**

**AUTHORIZATION FOR CHECKOFF**

Date: \_\_\_\_\_

To: Magma Copper Company  
San Manuel Division  
San Manuel, Arizona 85631

I hereby assign to \_\_\_\_\_ from my wages regular monthly union dues and \$ \_\_\_\_\_ initiation fees or other monthly dues and uniform assessments as may be fixed hereafter by said Local Union.

I hereby authorize and direct you to deduct such amounts as may be due by virtue of this authorization from my pay each month and to remit such amounts to the Union.

The aforesaid payment shall be remitted promptly by you to Leo Gerard, or his successor, International Secretary/Treasurer of the United Steelworkers of America, or its successor, Five Gateway Center, Pittsburgh, Pennsylvania 15222.

This assignment and authorization shall be effective and cannot be canceled for a period of one (1) year from the date appearing above or until the termination date of the current Collective Bargaining Agreement between the Company and the Union, whichever occurs sooner.

I hereby voluntarily authorize you to continue the above authorization and assignment in effect after the expiration of the shorter of the periods above specified, for further successive periods of one (1) year from such date. I agree that this authorization and assignment shall become effective and cannot be canceled by me during any of such years, but that I may cancel and revoke by giving to the appropriate management representative of the plant in which I am then employed an individual written notice signed by me and which shall be postmarked or received by the Company within fifteen days following the expiration of any such year or within the fifteen days following the termination date of any Collective Bargaining Agreement between the Company and the Union covering my employment if such date shall occur within one of such annual periods. Such notice of revocation shall become effective respecting the dues of the month following the month in which such written notice is given; a copy of any such notice will be given by me to the Financial Secretary of the Local Union. This assignment is subject to the provisions of Article 2, Checkoff, in the Collective Bargaining Agreement dated \_\_\_\_\_ between the Company and \_\_\_\_\_. No penalty shall be placed upon the Company by virtue of its having honored this Assignment.

Signed in duplicate:

Payroll Number \_\_\_\_\_

Address \_\_\_\_\_

Witness \_\_\_\_\_



- C. An assignment shall no longer be valid when the employee is transferred permanently out of the Bargaining Unit represented by the Union.
- D. No dues shall be deducted for any period while an employee is laid off, but deductions will be resumed upon his return to the Bargaining Unit.
- E. The Union shall defend, indemnify, and save the Company harmless against any and all claims, demands, suits, grievances, or other liability that arise out of or by reason of actions taken or not taken by the Company pursuant to this Article.

### ARTICLE 3

#### MUTUAL GUARANTEES

3-1 The Company agrees that there shall be no discrimination against any employee because of membership in the Union. The Union, its officers and members shall not intimidate nor coerce employees into joining the Union or continuing their memberships therein. There shall be no organizational activity during working hours.

3-2 The Company and the Union agree that equitable opportunity shall be afforded to all employees with respect to employment and advancement without discrimination because of race, creed, color, sex, or national origin. In those instances where the male noun or pronoun appears in this agreement, such terminology is inclusive of both sexes.

### ARTICLE 4

#### MANAGEMENT RIGHTS

4-1 The Company retains and shall maintain all managerial authority and prerogatives, subject only to the express terms and provisions of this Agreement.

4-2 Nothing in this Agreement shall be interpreted as interfering in any way with the Company's right to alter, rearrange or change, extend, limit or curtail its operations or any part thereof, or to shut down completely, whatever may be the effect upon employment, when in its sole discretion it may deem it advisable to do all or any of said things when such action is not in conflict with the provisions of this Agreement. Nothing in this Agreement shall be construed so as to deprive the Union of any rights under existing laws.

4-3 The parties recognize that long term job security and individual employee job satisfaction are advanced by encouraging an employee to fully utilize a wide range of job skills and talents. The parties agree that such full utilization of an employee's skills and abilities to use various tools and from time to time to perform tasks outside his normal job assignment enhances his job satisfaction and through improved productivity provides better job security in lowering production costs. The Company will utilize this provision in a fair and equitable manner.

In recognition of these mutual benefits, the parties agree that at the beginning of this Agreement and at least quarterly thereafter, the Magma Unity Council will meet with the General Manager to discuss application of this provision, to review its implementation and to

make certain that application of this provision is consistent with its intent and that it is not being utilized to diminish jobs in any Bargaining Unit.

## ARTICLE 5

### STRIKES AND LOCKOUTS

5-1 The Union agrees that during the life of this Agreement there shall be no strikes or stoppages of work called, authorized, approved, or sanctioned by the Union because of grievances and that all grievances shall be exclusively and finally disposed of as provided in Article 6, Grievances, and Article 7, Arbitration, of this Agreement.

5-2 Neither an incident which leads to a grievance nor the settlement of a grievance as defined in Article 6, Grievances, and Article 7, Arbitration, shall constitute a breach of this Agreement.

5-3 Employees shall not cause or take part in any strike or work stoppage.

5-4 The Union signatory to this Agreement agrees that there shall be no collective cessation of work due to jurisdictional disputes.

5-5 The Union shall immediately and publicly disavow any strike as an illegal strike and will use all reasonable means to end such work stoppage at the earliest possible time. If the Union has complied with the provisions of this paragraph, then it shall not be liable in damages to the Company, and the Company agrees that it will not institute a lawsuit against the Union to recover damages occasioned by such illegal strike.

5-6 The Company agrees that during the life of this Agreement, there shall be no lockout of employees because of grievances and that all grievances shall be exclusively and finally disposed of as provided in Article 6, Grievances, and Article 7, Arbitration.

5-7 It is further agreed that should any conditions lead to a curtailment or stoppage of production, the Union will, at the request of the Company, keep their members engaged on such work on the properties of the Company, in connection with the operation of pumps and other machinery which may be necessary or required to protect the property from damage or destruction.

## ARTICLE 6

### GRIEVANCES

#### 6-1 Definitions

A. A Grievance is any controversy, complaint, misunderstanding, or dispute arising as to the meaning, application, or observance of any provisions of this Agreement.

Any complaint by an employee concerning working conditions may be processed under the steps of the grievance procedure in this Article. If the dispute is appealed to arbitration and the Company takes the position that the matter is not arbitrable because it is not the proper subject of a grievance, the Arbitrator shall answer, "yes" or "no."

whether or not the matter is arbitrable as the proper subject of a "grievance" as defined above, and unless the Arbitrator makes an immediate ruling that the matter is not arbitrable, he will hear the evidence on the merits at the same hearing.

- B. Neither an incident which leads to a grievance nor the settlement of a grievance shall be considered a breach of this Agreement subjecting either party to a suit in the courts, but shall be finally and exclusively disposed of as provided in this Article 6 (Grievances) and in the following Article 7 (Arbitration).
- C. An Employee Representative is an employee of the Company designated by the Union to handle grievances as hereinafter provided. The Union shall designate Employee Representatives and one alternate for each Employee Representative for the Division within the Bargaining Unit represented by the Union as set forth in Exhibit 4 of this Agreement.
- D. The Mine Site Grievance Committee and the Plant Site Grievance Committee shall each consist of four (4) Employee Representatives and the President of the Union or his designate, to handle grievances appealed from the initial steps of the grievance procedure, within their respective sites. The Union shall notify and keep the Company advised in writing of the names of the Employee Representatives who are members of the Mine Site Grievance Committee, members of the Plant Site Grievance Committee, and which one of each respective Committee has been selected as Chairman for that Committee. For the purpose of settling grievances from their respective sites with the General Managers, a majority of each Committee shall constitute a quorum.
- E. It is not necessary that the Employee Representative be a member of the crew. Such a divisional Employee Representative shall handle only grievances arising among the employees within the divisional crew or group which he has been designated to represent.
- F. The term "employee" is used herein to refer to a single employee or group of employees.
- G. The terms "manager," "division head," "immediate supervisor," and "foreman" are used to refer to such individuals or persons designated to act in their stead.
- H. In a complaint of unsafe working conditions, the employee may request the Immediate Supervisor in his department to make arrangements to relieve the Employee Representative to handle the complaint with the Immediate Supervisor. In the event the complaint is not resolved with the Immediate Supervisor and a grievance is filed, the grievance may be appealed directly to Step 2 of the Grievance Procedure. This shall not be construed as permitting any employee to interfere with any employee's job assignment.

#### 6-2 Discipline and Discharge

- A. In the event an employee shall be discharged or disciplined by the Company, such employee shall be given full reason for such discharge or suspension in writing, on date of discharge or suspension.

**Written Presentation of Grievance  
to General Manager**

If the written grievance is not settled in Step 2, the Union may appeal the grievance to the General Manager by presenting the written grievance to the General Manager within five (5) days after receipt from the Division Head.

In computing time limits in Steps 1, 2, and 3 above, Saturdays, Sundays, Holidays, and the grievant's scheduled days off shall not be counted. If the grievance has not been appealed within the time limits provided above under all steps of the written grievance procedure, the grievance will be considered closed and not subject to further appeal.

**6-4 Hearing and Decision of Manager**

- A. The appealed case shall be officially presented by the Union in a hearing conducted by the Manager not later than the tenth day after notice of appeal, and the Manager shall render his decision in writing not later than the tenth day after the hearing. Either period may be extended by mutual agreement.
- B. In all meetings between the Union and the General Manager, a duly accredited International Representative, Union President, and Business Agent of the Union may participate.
- C. When a grievance meeting between Company representatives and the Union Grievance Committee is scheduled and held during the working hours of a Employee Representative or of a Grievance Committeeman authorized to process the grievance, or of the aggrieved employee, or of a witness whose presence is mutually agreed to be necessary, such employee will be paid for the actual time lost at his straight time rate based upon his working schedule.
- D. If the Union has not invoked arbitration by written notice within twenty (20) calendar days after receipt of the Manager's decision, the grievance shall be considered closed and not subject to further appeal.

**6-5 Grievance Initiated by the Union or by the Company**

Any grievance, as defined under Section 6-1 of this Article, initiated by the Union or the Company shall be reduced to writing and served upon the other party within five (5) calendar days from the date of the occurrence of the incident which led to the grievance. If the Manager and the Union cannot settle the grievance within ten (10) days from the date of service, or within such further time as may be agreed upon between them in writing, then the grievance may be appealed to the arbitrator and the procedure shall be the same as provided in Section 6-4 of this Article.

#### 6-6 Extension of Time Limits

Time Limits may be extended by mutual agreement of the parties at all steps of the grievance procedure.

#### 6-7 Grievance Meetings

General Manager's hearings will be scheduled to begin one hour before the end of day shift. Second step hearings will be scheduled to be held in the first thirty (30) minutes or the last thirty (30) minutes of the aggrieved employee's workshift. These starting times may be changed by mutual agreement.

### ARTICLE 7

#### ARBITRATION

##### 7-1 Appeal to Arbitrator

- A. If a grievance is not adjusted by the procedure of Article 6, Grievances, of this Agreement, and the union believes it has grounds for appeal from the decision of the General Manager or his authorized representative, the grievance may be appealed to an Arbitrator. As a prerequisite, however, the original grievance shall have been processed through the grievance procedure heretofore set forth in Article 6, Grievances. Questions involving interpretation and application of the provisions of this Agreement and questions involving individual classification adjustments come within the grievance procedure and are subject to arbitration. But no change in the rate of pay schedule nor in the provisions of this Agreement may be made without the consent of both parties, nor may they be submitted to arbitration, except as provided in the Slotting clause.
- B. Within twenty (20) calendar days from receipt of the General Manager's decision, the union shall have served written notice upon the Company of an intention to appeal the grievance to arbitration. Such notice of intention to appeal to arbitration shall be accompanied by a primary statement of the issues to be submitted to the Arbitrator. A grievance not appealed within this period shall be considered closed and not subject to further appeal.
- C. Within ten (10) calendar days after appealing the case to arbitration, the parties shall meet and select an arbitrator by placing the names of the arbitrators in a container, and the party correctly calling the toss of a coin shall select one name from the container who shall be the arbitrator to hear the case. If the parties mutually agree that the arbitrator selected by the above method will not be available to hear the case in a reasonable time, then another arbitrator will be selected by using the procedure described above. The following arbitrators have been mutually agreed upon by the parties to serve as permanent panel members for the life of this agreement:

- |                   |                    |
|-------------------|--------------------|
| 1. R. I. Bloch    | 6. P. J. Moore     |
| 2. C. Brisco      | 7. C. J. Peck      |
| 3. T. J. Erbs     | 8. M. D. Rappaport |
| 4. G. E. Marshall | 9. S. K. Kahn      |
| 5. J. P. Martin   |                    |

Within ten (10) calendar days from selection of the Arbitrator, the party invoking arbitration shall notify the Arbitrator who has been selected to hear the dispute, with a copy of the notice to the other party.

Either party will be permitted to write and present to the Arbitrator, with copy to the other party, its statement of facts and circumstances surrounding the grievance and its reason for its position prior to the arbitration. Each party shall forward to the Arbitrator its respective statement, if any, no later than ten (10) calendar days prior to the date set for Arbitration. If notices are not given within the time limits in this paragraph, the case will be considered closed and not subject to further appeal.

#### 7-2 Rules of Procedure for Arbitration

- A. When the Arbitrator has received notification of his selection as Arbitrator to hear the dispute, he shall fix the time and place for a hearing on the issues raised in the statements and shall notify the parties concerned.
- B. The Arbitrator shall make the necessary arrangements for the taking of a stenographic record of the testimony when such a record is requested by one or more of the parties and when payment of the cost thereof is assumed by such party or parties. An arbitration case involving a warning or disciplinary layoff of five days or less, for other than a violation of a safety rule, or such other case as may be mutually agreed by the parties shall be heard by the Arbitrator without the taking of a stenographic record of the testimony and without post-hearing briefs. No more than three such grievances may be heard by the same Arbitrator at the same hearing. The fees and expenses of the Arbitrator shall be borne equally by the parties.
- C. In the hearing, the complaining party or his counsel shall present his case, call his witnesses, and present his proofs and then submit to questions and examination of the proofs presented. The defendant or his counsel then shall present his defense, call his witnesses, and present his proofs and then submit to questions and examination thereon. However, in discharge cases, the Company will present its case first to the Arbitrator. Persons other than the parties and the authorized representatives and witnesses may be admitted to the hearing at the discretion of the Arbitrator.
- D. The Arbitrator may, if it is deemed necessary, make inquiries or obtain proofs outside the hearing, and the parties to the dispute shall so far as practicable facilitate the making of such inspections and the securing of data relevant to the hearing. The cost of such inquiries or investigations shall be borne equally by the parties to the Agreement.
- E. The Arbitrator, in his discretion, may require parties or witnesses to testify under oath or, upon demand of either party, shall require parties or witnesses to testify under oath.
- F. The parties may provide by written agreement for the waiver of oral hearings, and the proceedings shall then be conducted in the manner which the parties specify.
- G. The expense of each witness and the compensation of any assisting witness for either side shall be paid by the party producing such witness, but the expense of any witness

or the cost of any proofs produced at the discretion of the Arbitrator shall be borne equally by both parties unless the parties mutually enter into some other arrangement.

- H. The award shall be made in writing as soon as possible after the hearing has been completed, and in no case later than thirty (30) days from the date of closing of the hearing or the receipt of a transcript and post-hearing briefs or if the oral hearings have been waived, then from the date of receipt of the final statements and proof by the Arbitrator, unless otherwise agreed upon by the parties or specified by law.
- I. The Arbitrator in carrying out the Arbitration procedure, including formulating the question or questions, shall be limited in his jurisdiction by the provisions of this Agreement, and he shall not have the power to confer jurisdiction upon himself to make any changes in the rate of pay schedule or in a provision of this Agreement, or to arbitrate a new provision into the Agreement, or arbitrate a provision away in whole or part.

## ARTICLE 8

### SENIORITY

#### 8-1 General

- A. A new employee shall be considered probationary for a period of sixty (60) days actual work. Upon the completion of such sixty (60) days, the name of the employee will be placed on the Seniority List, and his seniority shall date from the date he starts to work. A Probationary employee, as described herein, may be terminated and shall have recourse to the grievance procedure, but shall have no recourse to the Arbitration procedure described in this Agreement.
- B. Company seniority shall include an employee's total length of continuous service from his last hiring date. Company seniority shall be used to determine eligibility for pensions, vacations, holidays, or other benefits provided by this Agreement to be determined by total length of continuous service with the Company. Company seniority shall include length of service in Magma Copper Company or any of its subsidiary Companies or Divisions for employees transferred from such Companies or Divisions to Magma Copper Company, San Manuel Division.
- C. Such Company seniority, however, shall not be used for determining promotions, demotions, reduction or restoration of forces in San Manuel Division, except as hereinafter provided.
- D. (1) Each employee shall be given an occupational seniority rating where applicable and a departmental seniority rating based on his length of service in the occupation and in the department from the beginning of the current term of employment. In addition, each employee shall be given a divisional seniority date from his last continuous employment in his current division. As of the effective date of this Agreement, an employee shall be given a seniority date or dates when he first performed work or will have first performed work, after being assigned to fill a permanent vacancy. Any employee who has acquired a

seniority date in an occupation above the bottom level in his line of promotion, without having actually performed work in the occupations below the higher level, shall also be given the same date for the lower occupations in the same line of promotion. The Company shall maintain accurate information and records of seniority. The employees or their authorized Union secretaries, upon request, will have the right to inspect those records.

- (2) The seniority list shall be posted on January 15 and July 15 of each year. Any employee disputing the accuracy of the seniority dates must present his complaint in writing no later than the end of the thirtieth (30) day from the posting of such list or the seniority dates shall be considered correct. The written complaint should state in what respect the seniority dates are incorrect, and the disputed dates shall be investigated and, if incorrect, revised. Any corrections shall be prospective only. In case of any dispute as to the length or period of service with the Company, the Company's records shall be conclusive.
  - (3) The Company will provide quarterly a seniority list and a list of employee names and addresses to the Union.
- E. A junior employee(s) will not be assigned to fill permanent vacancy(ies) in his classification in the department if any senior employee(s) prefers to fill the vacancy(ies) provided the senior employee(s) is qualified to perform the work involved and can be assigned without impairing the efficiency and continuity of the operation. This use of preference only applies to vacancies involving a change of shift assignments or a change in days off.

#### 8-2 Filling of Vacancies (Permanent Vacancies)

- A. The senior qualified man shall have preference with respect to promotions subject to the seniority rules hereof. Qualifications shall be determined by the Company in a fair and equitable manner. In determining qualifications, the senior employee shall not be required to demonstrate that he is the most qualified, but only that he is qualified to perform the work.
- B. The seniority rules hereinabove referred to shall not be applicable to appointments to supervisory positions.
- C. When employees who have performed long and faithful service in the employ of the Company have become unable to continue in their regular duties, they shall be given preference in filling vacancies in occupations for which they can qualify.
- D. The Company shall publish in each of the following departments a flow sheet of the line of promotion therein:

#### MINE OPERATING DIVISION

Development and Repair Department  
Construction Department  
Track Department  
Hoisting Department



Supply, Service, and Draw Department  
Haulage Department  
Miscellaneous

**MINE CONSTRUCTION DIVISION**

Construction Department  
Supply and Pit Department  
Miscellaneous

**MINE MECHANICAL DIVISION**

Pipe Department  
Miscellaneous

**PLANT MECHANICAL DIVISION**

Pipe Department  
Miscellaneous

**PLANT CONSTRUCTION DIVISION**

Facilities Department  
Carpenter Department  
Service Department  
Miscellaneous

**PLANT MILL DIVISION**

Mine Crushing Department  
Plant Crushing Department  
Concentrator Department  
Tailings Department  
Miscellaneous

**PLANT SMELTER DIVISION**

Acid Plant Department  
Flash Furnace Department  
Converter Department  
Anode and Casting Department  
Lime and Flux Department  
Material Handling Department  
Miscellaneous

**PLANT REFINERY DIVISION**

Tankhouse Department  
Casting Department  
Miscellaneous

- E. The flow sheets attached, under Exhibit 2 shall have been accepted by the Union during negotiating of this Agreement and may not be changed throughout the life of this Agreement except by mutual agreement between the Company and the Union.
- F. (1) Except as may be provided for in the Mine Operating Division (paragraph H & I following) and all Plant Operating Divisions (paragraph J following), and for all particular occupations or departments as provided on the flow sheets, promotions shall be offered to the senior qualified employee on the occupational seniority list of the department. In the event the job is not filled by the senior qualified employees, the vacancy will be filled by assigning the junior qualified employee.
- (2) If the senior qualified employee is absent due to sickness, vacation, or permitted leave of absence, he shall be allowed to exercise his seniority upon his return (provided he exercises such right within five (5) days from his return to work). Any employee exercising his rights under this clause shall receive retroactive seniority to the date he would have otherwise been assigned.
- G. Except as may be provided for in the Mine Operating Division (paragraphs H & I following), and all Plant Divisions (paragraph J following), and for particular occupations or departments as provided on the flow sheets attached under Exhibit 2, vacancies posted for bid will be filled in accordance with this paragraph. In the event of a permanent vacancy which no qualified employee on the departmental order of promotion seniority list is willing to accept, or when a vacancy occurs where there is no line of promotion, the vacancy may be filled temporarily by the Company. Notice of such permanent vacancy shall be posted within the Division for five (5) calendar days. Any employee within the Division may apply therefor and the same shall be filled on the basis of FIRST, Departmental seniority; SECOND, Divisional seniority, provided the applicant is qualified for the job. In the absence of a qualified applicant for the job, the vacancy will be filled by assigning the junior qualified employee.
- H. Mine Operating Division Only (non-contract department).
- (1) In the event of a permanent vacancy in the classification of Construction Miner, Trackman Miner, Cager, Cager Trainee, Hoistman Trainee, Chute Blaster, Battery Motorman, or Raise Blaster, such vacancy may be filled temporarily by the Company. Notice of such permanent vacancy shall be posted within the Mine Operating Division for five (5) calendar days. Any employee in the Mine Operating Division may apply therefor, and same shall be filled on the basis of Divisional Seniority provided the applicant is qualified for the job. In the absence of a qualified applicant for the job, the Company shall assign a junior qualified employee from the number three pool. It is understood the above bidding procedure will be used once only; for example, an initial vacancy of mechanical miner, construction miner, trackman miner, cager, cager trainee, hoistman trainee, chute blaster, battery motorman, or raise blaster shall be filled on the basis set forth above. If a qualified applicant is obtained from the number six classification in a non-contract department, a resulting vacancy will be filled by the senior qualified employee from the number three pool. In the event a qualified applicant is obtained from the Miner's classification in the Development

and Repair Department, a resulting vacancy will be filled by the senior qualified employee from the Miner's pool on the basis of departmental seniority.

- (2) In the event of a permanent vacancy in the classification of Toolroom Man, Sanitation Man, or Sampler, such vacancy may be filled temporarily by the Company. Notice of such permanent vacancy shall be posted within the Mine Operating Division for five (5) calendar days. Any employee within the Division may apply therefor, and same shall be filled on the basis of divisional seniority, provided the applicant is qualified for the job.
- (3) In the event of a permanent vacancy in the Nos. 7, 8, or 9 Classification (except in the Hoistman Small and Hoistman Large Classifications) in the non-contract departments of the Mine Operating Division, such vacancy may be filled temporarily by the Company. Notice of such permanent vacancy shall be posted within the Mine Operating Division for five (5) calendar days. Any employee within the division may apply therefor, and same shall be filled on the basis of first, departmental seniority, and second, divisional seniority, provided the applicant is qualified for the job.
- (4) In the event of a permanent vacancy in the classification of Hoistman Trainee, notice of such permanent vacancy shall be posted within the Mine Operating Division for five (5) calendar days. Any employee in the Mine Operating Division may apply therefor, and same shall be filled on the basis of first, departmental (Hoisting Department) seniority, and second, divisional seniority, provided the applicant is qualified for the job.
- (5) Any employee who successfully bids from one classification or department to another, not involving an increase in rate of pay level, will not be eligible to bid on a vacancy at that same rate of pay level for a period of six (6) months unless mutually agreed to by the parties. This limitation shall not apply to employees who are in the number three pool.

I. Mine Operating Division (Development and Repair Department).

- (1) In the event of a permanent vacancy in the Miner's Pool, such vacancy may be filled temporarily by the Company. Notice of such permanent vacancy shall be posted within the Mine Operating Division for five (5) calendar days. Any employee within the non-contract departments of the Mine Operating Division may apply therefor, and the same shall be filled on the basis of divisional seniority, provided the applicant is qualified for the job.
- (2) In the event of a permanent vacancy in the classification of Miner (Drifts, Crosscuts & Slope Preparation), Miner (Repair & High-Pack), Miner (Concrete), except as provided by Paragraph H (1) of this article, such vacancy may be filled temporarily by the Company. Notice of such permanent vacancy shall be posted within the Development and Repair Department for five (5) calendar days. Any employee within the Development and Repair Department may apply therefor, and same shall be filled on the basis of divisional seniority, provided the applicant is qualified for the job. In the absence of a qualified applicant for the job, the

Company may assign a junior qualified employee from the Miners' pool to fill the vacancy. It is understood the above bidding procedure will be used once only: for example, an initial vacancy of Miner (Drifts, Crosscuts & Stope Preparation), Miner (Repair & High-Pack), Miner (Concrete) (except as provided by Paragraph H (1) of this article) will be bid within the Development and Repair Department and shall be filled on the basis set forth above. If a qualified applicant is obtained from a Miner's (#8 rate) classification, the resulting vacancy will be filled by the senior qualified employee from the Miner's Pool on the basis of divisional seniority.

- (3) In the event of a permanent vacancy in the Leadminer classification, such vacancy may be filled temporarily by the Company. Notice of such permanent vacancy shall be posted within the Development and Repair Department for five (5) calendar days. Any employee within the Development and Repair Department may apply therefor, and same shall be filled on the basis of divisional seniority, provided the applicant is qualified for the job.
- (4) An employee who successfully bids from one classification or section to another, not involving an increase in rate of pay level, will not be eligible to bid on a vacancy at that same rate of pay level for a period of six (6) months unless mutually agreed to by the Parties. This limitation shall not apply to employees who are in the Miner's Pool.
- (5) If the re-assignment of a currently placed employee would, in the judgement of the Mine Superintendent, jeopardize the safety, continuity, or efficiency of operations, such employee may be held on his present assignment until the particular job is finished or until the end of the bonus period, whichever occurs first. During such time, the job may be filled from any source.
- (6) The Company reserves the right to determine who are qualified employees eligible for assignment to contract work. Qualifications shall be made by the Company in a fair and equitable manner.

J. Plant Operating Divisions (Mill, Smelter & Refinery).

- (1) In the event of a permanent vacancy in the classification of Departmental Laborer in any department and in any division, such vacancy may be filled temporarily by the Company. Notice of such permanent vacancy will be posted within the division where the vacancy exists, for five (5) calendar days. Any employee who is in that division may apply therefor, and same shall be filled on the basis of divisional seniority. In the absence of an applicant for the job, the Company may assign a junior employee from the Labor Pool.
- (2) An employee who successfully bids from a classification higher than that of Departmental Laborer to the classification of Departmental Laborer will forfeit all seniority in the higher classification. In the event that an employee in a reduction of force is to be reduced from their classification of Departmental Laborer, he will not be allowed to return to his former higher classification, but will be placed in the Labor Pool.

(3) Any employee who successfully bids from one classification or department to another, not involving an increase in rate of pay level, will not be eligible to bid on a vacancy at the same rate of pay level for a period of three (3) months.

K. In case the senior qualified employee does not want to exercise his seniority, the promotion shall be offered to the next senior qualified employee on the list. Any employee refusing such promotion shall remain at the head of his seniority list but will not be able at any time in the future to hold seniority over the employee accepting the job on such particular job. The Company shall notify the Union or the proper Union Employee Representative of its selection for promotion in the event a senior qualified employee is not given preference.

L. An employee promoted shall be given a reasonable trial, and if he is found not to be qualified to perform the work, the employee with the next greatest seniority who is qualified shall be given a trial. Any employee failing to qualify shall be placed in his former position without loss of seniority.

M. An employee so promoted, if retained in the higher position for a period of twenty-eight (28) days, shall be deemed to have qualified.

#### **8-3 Temporary Vacancies**

A. A Temporary vacancy of unforeseeable duration or of known duration of up to two (2) days may be filled by the Company from any source, and thereafter on the basis of seniority and qualifications from within the crew on the shift in the line of promotion or line of flow where the temporary vacancy occurs.

B. After a temporary vacancy exists for more than twenty-eight (28) days, such vacancy shall be filled in the same manner as a permanent vacancy is filled.

C. Temporary vacancies of a definite duration shall be filled as set forth in preceding paragraphs depending on the anticipated duration.

D. The filling of a temporary vacancy will not establish new seniority dates nor will it affect the retention of already acquired seniority dates.

#### **8-4 Reduction of Forces - General**

A. Reduction of forces shall be made in reverse order of seniority insofar as compatible with efficient operations. In cases of major curtailment of operations, exceptions may be made by agreement between the Company and the Union.

B. In case of cessation of production, exceptions shall be made at the discretion of the Company.

C. An employee who would otherwise be laid off may exercise his Company seniority within the bargaining unit in entry level classifications provided the employee is otherwise qualified for the job. It is understood that in exercise of Company seniority in this regard, the junior employee on a Company seniority basis from within the bargaining unit

will be laid off. An employee who exercises Company seniority in this regard will retain recall rights in his former division for the period of time specified in Paragraph H, Recall.

- D. An employee who is laid off and subsequently re-employed in a Division other than the one from which he was laid off shall retain recall rights in his former Division and shall be treated in the same manner as a recalled employee for seniority and benefit purpose.

**All Divisions Except Mine  
Operating and Plant Operating Divisions**

- E. When a reduction in force takes place, an employee demoted thereby will be reassigned in his Department on the basis of his occupational seniority dates as compared to the corresponding dates of all other employees in that department. If, however, such employee should otherwise be laid off, he may exercise his Company seniority date (as defined herein) with respect to the remaining assignments for which he is qualified at the lowest rate of pay level within the Bargaining Unit in the Division.

**Mine Operating Division**

- F. (1) Non-Contract Departments

In the event of a reduction of force in a Department at the No. 6 rate of pay level, such reduction shall be made on the basis of departmental seniority in the classification where the reduction takes place. An employee reduced from a classification in a department at the No. 6 rate of pay level will be placed in the No. 3 Pool. In the event of a reduction of force in a Department at the Nos. 7, 8, or 9 rates of pay level (except in the classification of Hoistman Small and Hoistman Large in the Hoisting Department; and in the classification of Skip and Dump Operator, Trolley Motorman, and Cleanup Operator in Haulage Department, where occupational seniority shall be used for reductions of force), such reduction shall be made on the basis of departmental seniority in the classification where the reduction takes place.

- (a) Reductions of force in the classification of Hoistman Small will be made on the basis of occupational seniority in the classification of Hoistman Small.
- (b) In a reduction of force in the classification of Hoistman Small, Hoistman Small who otherwise would be reduced to the No. 3 Pool may exercise their departmental seniority (Hoisting Department) in the cager classification provided they are qualified.

- (2) Development and Repair Department

In the event of a reduction of force in a Section at the Miner's No. 8 rate of pay or above, such reduction shall be made on the basis of divisional seniority in the classification where the reduction takes place. A miner reduced from a Section will be placed in the Miner's pool. Reductions in force from the Miner's Pool will be made on the basis of divisional (Mine Operating Division) seniority. An employee reduced from the Miner's Pool will be placed in the No. 3 Pool (non-contract departments).

If, in a reduction of force, an employee should otherwise be laid off, he may exercise his Company seniority (as defined herein) with respect to all other employees at the No. 6 rate of pay level or below in the non-contract departments or at the No. 8 rate of pay level or below in the Development and Repair Department.

G. Plant Operating Divisions

If, in a reduction of force in the Plant Operating Divisions, an employee would otherwise be laid off, he may exercise his Company seniority date (as defined herein) with respect to all other employees at the No. 2 rate of pay level or below in his division.

H. Recall

Employees laid off on account of reduction of forces who have been separated for a period of not to exceed two (2) years shall be returned to service in their respective Division in the order of their Company seniority insofar as compatible with efficient operations. Employees so laid off by reason of curtailment of forces shall file with the Company telegraphic or mailing addresses, and keep the Company informed as to any change of address. Each such employee shall be notified by the Company of the first opportunity for his re-employment, such notice to be given personally or sent by mail or telegraph to such employee's last known address filed with the Company. Any employee who fails to register or keep the Company advised of his correct address, or fails to accept the offer of re-employment within seven (7) days after the notice has been given by the Company, or any employee who fails to report for work within seven (7) days after acceptance of an offer of re-employment, or within such longer period as may be specified or agreed to by the Company, shall thereupon forfeit his seniority rights with respect to employment, unless they are restored by mutual agreement. In the event of temporary emergency shutdown, not in excess of forty-eight (48) hours, employees directly affected may be temporarily laid off irrespective of seniority (See Exhibit 5). An employee who has been recalled to employment will not be required to undergo a new probationary period.

8-5 Trainees

- A. The Company reserves the right to maintain in its employ employees whom the Company desires to train for technical, administrative or executive positions. It is understood that such employees shall be subject to the terms of this Agreement, but may receive benefits in excess of those provided under this Agreement; however, it is mutually agreed that the seniority provisions hereof shall not apply to such trainees. The Company agrees that there shall be not more than ten (10) underground employees and six (6) surface employees undergoing such training at the same time.
- B. The Company agrees to furnish the Unions concerned the names of trainees, and the time each trainee is to be in any particular department or section within a department.
- C. It is understood that such trainees will not be in the same classification in a Department more than ninety (90) days, unless the time is extended by mutual consent of the

parties. The trainee shall not receive bonus payments under the provisions of Article 16, Incentive Bonus.

D. Training Programs - Mine Operations

- a. Miners Training Program
- b. Cagers Training Program
- c. Hoistman Training Program

(1) Selection of Trainees:

In the event of a permanent trainee vacancy, notice of such vacancy will be posted for five (5) calendar days within the Mine Operating Division. Any employee within the non-contract departments may apply therefor, and vacancy shall be filled on the basis of divisional seniority, except in the case of Hoistman Trainee who shall be from the Hoisting Department first, then the division, provided the applicant is qualified. In the absence of a qualified employee, the company may fill the vacancy with the junior employee from the number three pool. Qualifications shall be determined by the Company in a fair and equitable manner.

(2) Pay and Classification of Trainees:

Trainees will receive the pay of their last permanent classification prior to being classified as a trainee, subject to reductions in force, as set forth in paragraph 3. For example, a Chute Blaster selected as a trainee will receive the number six rate of pay; a Supply Trammer selected as a trainee will receive the number three rate of pay. A Miner trainee will not receive bonus, and his labor will not be charged to the contract on which he works. This includes Cager Trainee.

(3) Seniority of Trainees:

Seniority of a trainee will be continued in the department from which he is chosen. In other words, a trainee will neither lose seniority in his old occupation and department, nor establish new seniority in any other occupation or department while a trainee, subject to reduction in force, as set forth herein. For example, a Chute Blaster from the Service, Supply, and Draw Department selected to enter the training program will continue to retain and accumulate his seniority as a Chute blaster in the Service, Supply, and Draw Department during his training period, provided he is not affected by a reduction in force in that classification. Should a vacancy occur in a trainee's old department for which he is qualified and for which he is in the line of promotion or for which he is the successful bidder, the trainee may have the choice of returning to that department to fill the vacancy or to continue in the training program at his regular rate. If a trainee refuses such promotion in his old department, he will retain his position on the seniority list, but will not be able at any time in the future to "bump" the employee who accepted the promotion on that particular job. In the event of a reduction in force in the classification which the trainee holds while he is in the Training Program, he will be allowed to exercise his seniority in accordance with the seniority provisions of the Collective Bargaining Agreement; however, his rate of pay will be that of his new classification. For example, a Chute Blaster selected as a trainee will be paid at the No. 6 rate of pay; upon a reduction in force in the Chute Blaster's classification which may



affect the trainee, he is now classed as a Chute Tapper (No. 3 rate of pay); the trainee loses his seniority as a Chute Blaster, and he will be paid at the No. 3 rate of pay.

(4) Period of Training for Trainees:

A trainee will remain in the training program for a period of not to exceed ninety (90) days of actual work. Some trainees will successfully complete the training program in the section for which they are being trained in a shorter period than other trainees. An employee placed in the training program shall be given a reasonable trial; however, during the training period, if, in the opinion of the foreman, the trainee does not have the ability to learn his assigned duties, he will be disqualified for training in that section and will be returned to his former job without loss of seniority.

(5) Rotation of Trainees:

Trainees may be rotated and reassigned in the various sections under different conditions, supervision and/or leadman for better overall training. Ordinarily, trainees will not be required to change from their regular shift during the training program.

(6) Assignment of Trainees to Contract Work:

When a Miner trainee successfully completes the training program, he will be considered a qualified applicant for a position in the Miner's Pool.

(7) Duties and Responsibilities of Trainees:

It is expected that a new trainee knows little or nothing about the duties required of a Miner in the Development and Repair Department. He is to be instructed and assisted by both supervision and his crew members as to the safe and proper procedures, methods and operation, and care of equipment required by a Miner in the Development and Repair Department.

(8) Administration

- (a) The sole right to administer the training program is reserved exclusively to the Company.
- (b) The number of trainees will be determined by the Company.

8-6 Transfers

- A. Employees may make application with the Employment Agent to transfer to another Division within the Bargaining Unit, and such applications will be considered and preference given, if qualified and if consistent with the continuity and efficiency of operations, before new hires are made. However, it is understood the transferee will begin at the lowest occupational classification in the line of promotion in the new Division. After transferring to a new Division, no application for transfer will be considered from the same employee for twelve (12) months, and he will not be permitted to transfer directly back to the Division he left unless mutually agreed to by the Parties.

When an employee who has transferred to another division within the same bargaining unit is disqualified by the Company within the first thirty (30) days of actual work, he shall be allowed to return to his former classification without loss of seniority in the Department or Division from which he was transferred, and he may not apply for another transfer for twelve (12) months following his return to his former Division. In the event employees have been laid off in a reduction of force from the former Division during the trial period (30 working days, or less) the returning transferee has been in the new Division, the transferee will exercise his Company seniority date with respect to the corresponding dates of the employees laid off from the former Division during that trial period, and he may be laid off and placed on the recall list for that former division, depending on his Company seniority date.

- B. An employee with a current application for transfer on file with the Company will be given preference for a transfer between bargaining units at an entry level job on the basis of Company seniority and qualifications before a new hire is made. An employee may have no more than two (2) applications on file at any one time. An application must be renewed every six (6) months. An employee transferred in accordance with this provision may not apply for another transfer for twelve (12) months following date of transfer.

When an employee who is transferred from one bargaining unit to another is disqualified by the Company within the first thirty (30) days of actual work in the new bargaining unit, he shall be allowed to return to his former classification without loss of seniority in the department or division from which he was transferred.

- C. In the event the Company retains employees in their classification after being selected for transfer consistent with the terms of Paragraphs A or B, above, it is understood that the period of retention will not exceed sixty (60) days. Upon actual transfer to the new division or bargaining unit, the employee will be given the applicable seniority dates as if the transfer had occurred on the actual date of selection. The company shall give written notice to the employee with a copy to the Union of its request that the employee remain on his old job.

## **ARTICLE 9**

### **LEAVES OF ABSENCE, FURLONGHS, AND ILLNESS**

#### **9-1 Definition of Leave of Absence**

A Leave of Absence is any period not in excess of twenty-eight (28) consecutive days during which the employee, without loss of seniority or other rights peculiar to his status as an employee, may be absent as provided for in Section 9-2, below, of this Article.

#### **9-2 Application, Authorization, Cancellation and Reporting Back**

All Leaves of Absence, except those due to a bona fide personal emergency, must be prearranged by the employee as early as possible; not less than sixteen (16) hours in advance of the time the absence from duty is to begin. Except in emergencies, all requests for Leaves

of Absence shall be in writing. When a person signs an application for a Leave of Absence, he indicates that he intends to return to work not later than the day specified in the application. An employee laying off without a prearranged date for his return and also an employee who desires to return for duty prior to the day specified in his application shall report to the appropriate office not less than sixteen (16) hours in advance of the time his shift goes to work; however, in the case of an employee who has been off work due to illness or injury and who is released for work by his doctor less than sixteen (16) hours prior to the starting time of his workshift (reasonable notice) in advance of the time his shift goes to work, he will be allowed to work if arrangements have not been made by supervision to fill his job, and if otherwise consistent with the operations. An employee who has been absent without prearrangement and whose subsequently presented excuse of such absence has been accepted will be entitled to a certificate of excused absence. Any employee who engages in work for another employer during the period of an excused absence shall be subject to discipline and discharge, unless special provisions shall have been made therefor by the proper officials of the Company and Committee representing the Union.

### **9-3 Leave of Absence for Union Officers**

An officer or special representative of the Local Union who is an employee of the Company and who is an electee or appointee of the Local Union as its representative shall be granted a Leave of Absence without pay, for the purpose of taking care of legitimate business authorized by the Local Union only. Not more than fifteen (15) employees shall be granted such a Leave of Absence at one time; of those fifteen (15), not more than three (3) employees from one Department shall be granted such a leave of absence at any one time.

### **9-4 Definition of a Furlough**

A Furlough is a period of permitted absence of more than twenty-eight (28) days but not to exceed one (1) year unless mutually agreed upon by the parties. Unlike a Leave of Absence, a Furlough involves the separation of the furlougee's name from the payroll and the interim loss of rights, privileges and obligations of an employee, except seniority rights. Seniority shall not be accumulative except as hereinafter provided. Nothing in this Section shall permit an employee returning from such a Furlough to replace a man promoted during his absence to a classification higher than the one held by the furlougee at the start of his Furlough.

### **9-5 Furloughs for Employees Entering Armed Forces**

Any employee who has enlisted or who has been called for service in the Armed Forces of the United States will be granted a furlough to the extent required by law.

### **9-6 Furloughs for Employees Accepting Positions with Union or Public Office or Supervisory Assignments**

- A. An employee elected or appointed to a full-time public office shall be granted a furlough without loss of seniority rights for the purpose of filling such public office for a period not to exceed two (2) years. If re-elected or re-appointed, such Furlougee, upon request, will be granted extension of his furlough not to exceed an additional two-year period.

B. Cumulative seniority shall be granted to the following furloughed employees, subject to the conditions stated:

- (1) Employees accepting a full-time position with the Local Union or International Union while so employed.
- (2) An employee promoted to a supervisory position and automatically excluded from the Bargaining Unit shall retain and continue to accumulate seniority while so employed.

#### 9-7 Illness or Off the Job Injury

A. Any employee who becomes ill or disabled off the job and whose illness or disability is supported by satisfactory evidence and who causes the Company to be notified within four (4) days after he ceases to work, when it is possible to notify the Company, shall be granted Sick Leave of Absence for a period not to exceed Three Hundred Sixty (360) days. Thereafter, further extension of such Sick Leave of Absence may be had by mutual agreement of the Union and the Company. An employee with ten (10) or more years of service shall be granted an additional Three Hundred Sixty (360) day Sick Leave of Absence (a total of 720 days). An employee with twenty (20) or more years of service shall be granted an additional 360-day Sick Leave of Absence (a total of 1,080 days). Failure of an employee to accept an offer by the Company of another job will result in immediate termination of his Sick Leave of Absence.

B. Any employee on Sick Leave of Absence shall accumulate seniority for the period of the Sick Leave of Absence.

### ARTICLE 10

#### VACATIONS

##### 10-1 Definition

A vacation is an intermission between periods of stated employment. Employees shall be granted vacations subject to the terms and conditions in the following sections.

##### 10-2 Requirements to Qualify

An employee who has been continuously employed by the Company for at least one (1) year immediately preceding the date of his application for vacation, and who has not had a vacation within said year, and who has worked at least 212 shifts on a 6-day or less workweek schedule or 176 shifts on a 5-day or less workweek schedule within said year, and who is an employee of the Company on the day his vacation commences shall be entitled to a vacation with pay as hereinafter set forth.

##### 10-3 Eligibility

For the purpose of determining eligibility under paragraph 10-2 above, any period of time during which an employee has been off duty due to disability compensable under the Arizona

Workmen's Compensation Act, not in excess of one (1) year, or for any period of sickness or injury, not in excess of fifteen (15) days, shall be considered both as employment and as time worked. Time spent by employees in contract negotiations with the Company shall be considered as time worked.

Time spent by an employee on Union Leave of Absence as set forth in Article 9-3 shall be considered as time worked up to a maximum of seventy-five (75) work shifts per vacation eligibility year.

#### 10-4 Vacation Allowances

Vacation allowances and pay shall be in the amounts hereinafter set forth with pay at the employee's straight time day shift rate of pay.

| <u>Length of Service</u> | <u>Amount of Vacation</u> | <u>Scheduled 5-Day week</u> | <u>Scheduled 6-Day week</u> |
|--------------------------|---------------------------|-----------------------------|-----------------------------|
| 1 - 2                    | 7 Days                    | 40                          | 48                          |
| 3 - 9                    | 14 Days                   | 80                          | 96                          |
| 10 - 16                  | 21 Days                   | 120                         | 144                         |
| 17 - 24                  | 28 Days                   | 160                         | 192                         |
| 25 & Over                | 35 Days                   | 200                         | 240                         |

#### 10-5 Incremental Vacation

- A. An eligible employee will be permitted to take earned vacation in increments of less than a full week (five (5) working days) consistent with the following:
1. Employees eligible for one (1) week of vacation will not be permitted to take one (1) week of vacation in increments.
  2. Employees eligible for two (2) weeks vacation may take one (1) week of vacation (five (5) days) in single day increments.
  3. Employees eligible for three (3) or more weeks vacation may take up to two (2) weeks vacation (ten (10) days) in single day increments.
- B. Eligible employees, during the vacation scheduling, may schedule their entire vacation benefit or withhold scheduling five (5) or ten (10) days (dependent on vacation eligibility) for the purpose of taking vacation in less than one (1) week increment. The maximum number of incremental vacation days that may be scheduled consecutively will be three (3) days.
- C. In the event a portion or all of the days withheld from scheduling has not been taken by the end of the employee's vacation year, the employee may elect to receive pay for the unused portion or take the time off with pay. Scheduling of time off shall be subject to the approval of the Company.

- D. Employees who have scheduled their full vacation benefits in weekly segments, for reasons acceptable to the company, shall be permitted to take a portion of a scheduled week (consistent with B above) in less than a full week increment.
- E. Scheduling of incremental days must normally be approved by the Company a maximum of three (3) days in advance. In the event of reasons beyond the control of the employee, which are substantiated and acceptable to the Company, the three (3) day period may be waived. However, the employee must receive prior approval before taking any period of vacation. Requests for covering an absence as vacation time after missing a scheduled shift will not be permitted.

#### 10-6 Vacation Dates

- A. Vacation dates shall be subject to the approval of the Company.
  - 1. When all or any part of the operations are shut down for a period of time, employees affected thereby and eligible for a vacation may be required to take their vacation during such shut-down period.
  - 2. In case of a conflict between employees over the choice of available dates, the employee with the greater length of continuous service with the Company shall prevail.
  - 3. An employee will be allowed to take his vacation in not less than one week segments, if he so desires.
- B. Vacation pay shall be based upon the day shift straight time rate of pay applicable to the employee's regular assignment as shown by the last permanent transfer at the time vacation shall be taken.
- C. Vacations must be taken when due within twelve (12) months subsequent to the anniversary date or shall be deemed forfeited.
- D. Vacation pay will only be given for vacations taken, and no employee will be permitted to waive his vacation and receive vacation pay in addition to pay for days worked.
- E. An employee who has worked at least 212 shifts on a 6-day or more workweek schedule or 176 shifts on a 5-day or less workweek schedule during his vacation year and who is laid off in a reduction of force before the end of such vacation year shall be allowed his vacation pay.

A recalled employee's vacation anniversary date will be moved to his adjusted Company seniority date so that both the vacation allowance and the anniversary will be computed from that date. In order to move the vacation anniversary date to the adjusted Company date, the Company will prorate the amount of time between the employee's current vacation anniversary date (the date the employee returned to work from layoff) and his adjusted Company seniority date. An employee unable to qualify for a full vacation because his work schedule will not allow the 176-shift requirement to be fulfilled will be granted a pro rata vacation based on the number of workshifts scheduled during the

anniversary year and those shifts actually worked during the same period. The 176-shift requirement will be reduced proportionately to the employee's work schedule, and the pay will be computed on a pro rata basis. For example, if an employee is scheduled to work on a 3-shift workweek (150 shifts per year), he would be required to work 105 workshifts in order to qualify for a vacation in his anniversary year; the vacation pay will be computed on the basis of 60% of the benefit granted to an employee scheduled to work on a 5-shift workweek. The vacation allowance will be computed in increments of one calendar week.

- F. Any employee leaving the service of the Company for any reason after his annual determinative date and who shall be entitled to a vacation which shall neither have been paid for nor taken shall receive compensation therefor.
- G. Any employee leaving the service of the Company for any reason before his first annual determinative date shall not be entitled to a vacation or vacation pay in lieu thereof, except as provided in Paragraph E above, and Paragraph J below.
- H. An employee leaving the service of the Company for any reason after his first annual determinative date but prior to any subsequent annual determinative date shall receive vacation pay only if he has worked at least 212 shifts on a 6-day or more workweek schedule or 176 shifts on a 5-day or less workweek schedule during his anniversary year.
- I. The beneficiary of an employee who dies after his first annual determinative date but prior to any subsequent annual determinative date shall receive pro rata vacation pay based on the percent of service and shifts worked by the deceased employee since his last annual determinative date. (Consistent with principles of Paragraph J.)
- J. An employee who if furloughed by the Company to enter the Armed Forces will, upon his return to work, be given the vacation anniversary date he had prior to the furlough, with time spent in the Armed Forces treated as time worked in determining the length of subsequent vacation.
  - 1. An employee who has worked at least 212 shifts on a 6-day or more workweek schedule or 176 shifts on a 5-day or less workweek schedule during his vacation year and who leaves the employ of the Company to enter military service before the end of such vacation year shall be allowed his vacation pay at the time of his termination from employment.
  - 2. An employee who leaves the service of the Company to enter military service after completing not less than four (4) months of service for the Company following his hiring or anniversary date and who has not worked at least 212 shifts on a 6-day or more workweek schedule or 176 shifts on a 5-day or less workweek schedule from his vacation anniversary date to the date of termination to enter military service shall receive vacation pay for the period of his employment for which vacation pay has not been paid. The prorated vacation allowance will be determined by dividing the number of shifts worked by 250 (5-day schedule) or 300 (6-day schedule), whichever is applicable, and multiplying the quotient by the normal vacation allowance:

$$\text{vacation allowance} = \frac{\text{no. shifts worked}}{250 \text{ or } 300} \times \text{normal vacation allowance}$$

3. After returning to employment following military service, an employee who has worked at least 212 shifts on a 6-day or more workweek schedule or 176 shifts on a 5-day or less workweek schedule from the date of his return to employment to his next vacation anniversary date shall be allowed a vacation.
4. After returning to employment following military service and after completing four (4) months of service for the Company following his return to work, an employee who has not worked at least 212 shifts on a 6-day or more workweek schedule or 176 shifts on a 5-day or less workweek schedule, from the date of his return to employment to his next vacation anniversary date shall receive prorated vacation for that period. The prorated vacation allowance will be determined by dividing the number of shifts worked by 250 (5-day schedule) or 300 (6-day schedule), whichever is applicable, and multiplying the quotient by the normal vacation allowance:

$$\text{Prorated vacation allowance} = \frac{\text{no. shifts worked}}{250 \text{ or } 300} \times \text{normal vacation allowance}$$

- K. Vacation shall be paid to an eligible employee on the payday next preceding the commencement of his vacation and shall be subject to the deductions required by law and all other regular deductions.

## ARTICLE 11

### HOURS OF EMPLOYMENT

#### 11-1 Payroll Workweek

The Payroll Workweek consists of seven (7) consecutive 24-hour periods - that is, 168 consecutive hours. It begins on Sunday at the usual starting time of the "A" or Day Shift and ends on the next following Sunday at the same time. The beginning of the Payroll Workweek may be changed if the change is intended to be seasonal or permanent and not to evade the overtime provisions of the Fair Labor Standards Act.

#### 11-2 Standard Workweek

The Standard Workweek is forty (40) hours.

#### 11-3 Scheduled Workweek

- A. The scheduled workweek comprises the pre-workweek assignment of workshifts of service to be performed within a payroll workweek by an employee or each employee of a group of employees. The workshift may be designated in consecutive or non-consecutive workdays, provided, however, that in the event the employees are employed



on less than a six-day per week basis, the workshifts shall be arranged so that the days off are consecutive calendar days, except in the case of relief men. The scheduled workweek is established as such from time to time by posted notice of the working schedule.

- B. No employee required to work on his day off shall be required to layoff on another scheduled workshift during the same workweek.
- C. The employees' posted work schedule shall not be changed during the scheduled workweek for the purpose of avoiding weekly overtime. Insofar as practicable, the Company will give an employee forty-eight (48) hours notice of a change in his scheduled workweek.

#### 11-4 Workday

The Workday is a period of twenty-four (24) hours commencing at the starting time of a particular employee's workshift. It does not coincide with a 24-hour calendar day.

#### 11-5 Workshift

The Workshift - that is, the day's work - is the scheduled amount of time during which a particular employee or set of employees works and to which the scheduled rate of pay is applicable. The standard workshift is eight (8) hours and is the number of hours that may be worked in a workday free of rate and one-half overtime compensation. The workshift may be in two portions separated by a non-compensable lunch period, if the lunch period is fixed for at least a half hour during which the employee is relieved of all duties, subject to exceptions stated under Section 11-10 of this Article. The starting time of an employee's 8-hour workshift always coincides with the starting time of that particular employee's 24-hour workday, but does not coincide with the starting time of the 168-hour payroll workweek, except when that employee is on the day shift at the beginning of the payroll workweek.

#### 11-6 Shift and Shift Rotation

- A. The Shift is the set (crew, or group) of workmen working in bi-weekly rotation with other sets. In continuous operations, shifts are referred to as:

"A" Shift or Day Shift  
"B" Shift or Afternoon Shift  
"C" Shift or Graveyard Shift

- B. In underground mining operations conducted on a two-shift-per-day basis, the workshifts are noncontinuous and are referred to as:

"A" Shift or Day Shift  
"B" Shift or Afternoon Shift

- C. Sets of workmen who have a fixed workshift and do not rotate with other sets may be referred to as non-rotating.

- A. Except for special localities or special occupations which render it desirable to start a shift at a different hour, the Starting Time of the various shifts shall be within the following limits:

"A" Shift 7:00 to 8:00 A.M.

"B" Shift 3:00 to 4:00 P.M.

"C" Shift 11:00 P.M. to 12:00 Midnight

- B. The starting time may be changed by the Company if the change is intended to be permanent or seasonal. If either party hereto desires to change the general starting time beyond the said limits, the Company will discuss such changes with all Unions concerned and the Union, party to this Agreement, agrees to cooperate in effectuating such change if reasonable.
- C. The starting time of an employee's workshift is the time of day at which time he is scheduled to and does report ready for work at the designated point. The finishing time of the compensable period is the time of day at which such employee is relieved from duty at the same point. Designated points for employees covered by this Agreement shall be in accordance with present practice, subject to reasonable redesignation, if necessary, by the Company.
- D. The starting time of a tardy employee will be according to schedule if the tardiness is excusable and less than five (5) minutes and if, in the case of a tardy underground employee, the cage to which he would have been assigned has not already been closed for lowering. In the case of an employee being tardy more than five (5) minutes, his starting time shall be the time at which he begins work; however, an employee tardy more than thirty (30) minutes shall not be permitted to go to work. Employees who are habitually tardy shall be subject to discipline or discharge.

#### 11-8 Straight Time

Straight Time is a measure of time worked and is the number of hours and fractions thereof actually worked whether in the workshift period or in the overtime period.

#### 11-9 Overtime

- A. Daily Overtime is that portion of straight time worked in an employee's workday in excess of an eight-hour workshift. It is mutually agreed that overtime less than five (5) minutes will not be recorded. Employees who work overtime thirty (30) minutes or less shall be paid for thirty (30) minutes overtime, and employees who work overtime over thirty (30) minutes, but less than an hour, shall be paid for one (1) hour overtime.
- B. Weekly Overtime is that portion of total straight time worked in a payroll workweek which is in excess of the standard workweek.
- C. Where practicable, overtime work within a crew will be distributed as equitably as possible consistent with the efficient conduct of the operations. The Company will continue its practice of not requiring an employee to work overtime beyond the regular

scheduled work day so long as there are qualified employees in the crew on the shift who are still in the working area and available to perform such overtime work. However, it is understood that if there are no other employees in the crew on the shift who are still in the working area willing and available to work overtime, assignments for overtime work will be made on the basis of seniority within the required classifications, with the junior qualified employees being assigned first, but a junior employee who has been required to work two consecutive 16 hour work shifts will not be required to work a third consecutive 16 hour work shift if such work can be assigned to the next junior qualified employee in the crew on the shift who is still in the working area and available to perform such work.

#### 11-10 Lunch Period

- A. Employees in the rotating shift service in continuing operations will be permitted to eat their lunches while on duty at a time that will not interfere with the operation. In no event will an employee be required to work more than five (5) hours from the start of his shift without a lunch period.
- B. For non-rotating groups of employees, the lunch period is one-half hour at approximately the middle of the workshift, during which period the employee is relieved of all duties. Such lunch period will not be counted as time worked, except underground employees shall be permitted to eat lunch on Company time.
- C. If, however, an employee is required to work for more than five (5) hours from the start of his shift without a lunch period, he shall be permitted to eat his lunch on Company time.
- D. When an employee (i) who "doubles" - that is, works on an additional eight-hour workshift; (ii) works at least two (2) hours overtime consecutive with his regular workshift; or (iii) who is called out to work and works at least four (4) hours, the Company will provide an adequate lunch with hot coffee, if the employee so requests. An employee who "doubles," as described above, who makes request prior to, or at the beginning of the second shift, will be provided an additional lunch during the second shift.

### ARTICLE 12

#### RATES OF PAY AND WAGES

##### 12-1 Rates of Pay

The rate of pay structure and the scale of rates of pay (see Exhibit 3) to be applied to the occupational classifications and rate of pay levels set forth in EXHIBIT 2 shall be as shown on the exhibits.

Rates of pay during any quarter during the term of the Agreement shall be determined by the Average Copper Price during the preceding calendar quarter. The Average Copper Price means the simple average of closing settlement prices on the COMEX of the contract for delivery in the near month of high-grade copper cathode for each trading day during the

preceding calendar quarter. Any adjustments to rates of pay shall be implemented at the beginning of the first full payroll period of the quarter.

Whole cent price changes must occur before any rate of pay adjustments are implemented. For example, no adjustments will be made if the average COMEX copper price for the quarter increases from \$1.250 to \$1.299. However, an adjustment will be made if the average price increases from \$1.250 to \$1.300.

#### 12-2 Shift Premium Pay

A. For employees working shifts other than "A" or Day Shift, the following premiums shall be paid for such work:

|  | <u>Shift<br/>Premium Pay</u> |
|--|------------------------------|
| (a) For work performed on "B" shift (afternoon)  | 30¢/hour                     |
| (b) For work performed on "C" shift (graveyard)  | 45¢/hour                     |
| (c) For workshifts which overlap any two of the customary "A", "B", or "C" shifts, if four (4) or more hours occurred on the customary "B" shift | 30¢/hour                     |
| (d) For workshifts which overlap any two of the customary "A", "B", or "C" shifts, if four (4) or more hours occurred on the customary "C" shift | 45¢/hour                     |
| (e) For work performed on intermediate shifts (later than "B" shift, but earlier than "C" shift, and where only two shifts are worked).          | 37½¢/hour                    |

#### 12-3 Daily Overtime Pay

A. For the Daily Overtime as defined in Article 11, Section 11-9, the rate of pay shall be the rate of pay applicable to the employee's occupation plus one-half of such rate except:

- (1) when such work in excess of eight (8) hours is occasioned by shift changes, which shall not occur as to an individual employee more than once in two weeks' period; this latter provision shall not apply to swingmen;
- (2) when exercising seniority rights from one assignment to another;
- (3) when swingmen's regular assignments require them to work two (2) shifts in a twenty-four (24) hour period.

B. Since the Agreement provides for overtime pay after eight (8) hours worked in any one day, employees who work beyond their regular shifts shall be paid for overtime provisions set forth in this Agreement, including shift premium, if any, of their regularly scheduled shift.

- C. An employee who works a double shift which bridges two separate work weeks will be paid daily overtime for all time worked in excess of eight (8) hours in the twenty-four (24) hour workday which occurred in the second shift and shift premium pay for the second shift.

#### **12-4 Weekly Overtime Pay**

For weekly overtime as heretofore defined in Article 11, Section 11-9, for which overtime has not already been paid, the rate of pay shall be the rate of pay applicable to the employee's occupation during such overtime period plus one-half.

#### **12-5 Wages for Employees Called for Less Than a Workshift**

Any employee called to work between his regular workshifts shall be paid at rate and one-half, with a minimum payment equivalent to four (4) hours at his usual rate. This minimum payment does not apply to overtime worked consecutively to the scheduled workshift but only to a "call" which becomes such if the employee has left the Change Room following his scheduled workshift.

#### **12-6 Wages for Employees Reporting and Released**

- A. When an employee who reports for scheduled work is released without performing the work, unless the reason for such release is beyond the Company's control, he shall be paid a minimum of four (4) hours at his applicable rate.
- B. Any employee starting a shift and released before completing one-half shift, shall receive one-half day's pay for such period. If required to continue on second period of shift, he shall be paid for a full day. In the event employees are scheduled to work a seven (7) hour shift due to the Company's compliance with Federal Law in changing from Mountain Standard Time to Daylight Savings Time, employees will be compensated for actual time worked - 7 hours if the full shift is worked.

#### **12-7 Starting Time in Advance of Regular Starting Time**

An employee required by the Company to begin work in advance of his regular starting time shall not be required to lay off in advance of his regular quitting time in lieu thereof.

#### **12-8 Work Involving More Than One Rate of Pay**

- A. When employees are called off their regular assignments to perform other work for which a lower rate is paid, they shall receive their regular rate for all time worked that shift. If an employee is required to perform work for a period of two (2) hours or more in a classification carrying a higher rate of pay, he shall be paid at the higher rate for the full shift. Employees will not be reassigned for the purpose of evading the higher rate of pay.
- B. An employee learning or "breaking in" for a job which cannot be attained through normal upgrading, other than his regular occupation, shall be paid his regular rate while

undergoing such training. Nothing in this paragraph shall be used to evade the provisions of Article 8, Seniority.

#### **12-9 Computation of Wages**

There shall be no pyramiding of earnings resulting from various types of overtime.

#### **12-10 Slotting**

The rate of pay level within the existing rate of pay structure into which any distinctly new occupation shall be slotted shall become the subject of negotiations between the Company and the Union, if such occupation:

- a. varies substantially in job content from that of any occupational classification listed in EXHIBIT 2 and
- b. is created between the anniversary dates of this Agreement and
- c. falls within the bargaining unit. In the event there is a question whether any distinctly new occupational classification falls within the jurisdiction of a bargaining unit covered by this Agreement, the Company will notify the Union.

Such negotiations shall commence not later than 60 days from the establishment of any such occupation. Pending agreement on or other final determination of the slotting of any such occupation, it shall be slotted by the Company and paid for at the rate called for by such slotting. If, after a period of fifteen (15) days from the date on which such negotiations have been commenced, the parties have failed to agree on the slotting of such occupation, the Union may, by written notice delivered to the Company not later than the twentieth day from the date on which such negotiations were commenced, appeal the matter to arbitration and thereafter the provisions of Article 7 shall govern the final determination of the rate of pay level into which such occupation should be slotted and, if the Company is adjudged to be in the wrong, the amount of compensation to be paid for loss of earnings. In determining the issue of slotting, the Arbitrator shall not render an award which is at variance with the slotting of occupational classifications in other bargaining units of the Company.

Neither a change in an existing occupational title without a substantial change in job content nor a reasonable variation in the duties or job content of an existing occupational classification shall constitute grounds for re-slotting. A dispute as to whether or not a variation in the duties or job content of an existing occupational classification is such as to create a distinctly new occupation or a dispute as to whether or not a distinctly new occupation falls within the bargaining unit shall be subject to final determination through the grievance and arbitration procedure or as otherwise agreed by mutual agreement of the parties.

### 13-1 Recognized Holidays

The Company shall recognize the following Holidays:

New Year's Day  
Easter Sunday  
Memorial Day  
Independence Day  
Labor Day  
Thanksgiving Day  
December 24th  
Christmas Day  
New Year's Eve Day

### 13-2 Holiday Pay

A. Employees covered by this Agreement shall be paid the straight time rate, exclusive of shift differential, for the named holidays when not worked, subject to the following terms and conditions:

(1) Pay for Holidays Worked:

Two and one-half times the straight time rate shall be paid for work on recognized Holidays.

(2) Pay for Unworked Holidays:

(a) Employees covered by this Agreement shall be paid at eight (8) hours at the straight time rate of the last shift worked preceding the holiday for the holiday named under (1) above, when not worked, subject to the following terms and conditions:

- (i) An employee must have been on the Company's payroll continuously for sixty (60) days of actual work prior to the holiday in question. After recall from a layoff, an employee will not be required to satisfy the eligibility requirement of sixty (60) days for holiday pay.
- (ii) An employee must work his last scheduled shift prior to the holiday and his first scheduled shift after the holiday unless such absence is caused by sickness, injury, or death in his family, property and sufficiently vouched for; other good and sufficient reasons acceptable to the Company will nevertheless be considered as qualified under this paragraph.

- (b) If an employee qualified under paragraphs (i) and (ii) has to lay off because of personal sickness or injury on the order of a doctor of the medical staff of the Company, such employee shall be deemed to be qualified insofar as one (1) holiday is concerned, or for two (2) holidays if they occur within fourteen (14) days following the date of layoff.
- (c) A holiday not worked shall not be considered as time worked in the computation of weekly overtime.
- (d) If an employee is scheduled and assigned to work but does not work, he shall receive no holiday pay; provided, however, that should the employee be unable to report for work for reasons beyond his control, which reasons he promptly and immediately reports to the Company, such excuse, if acceptable, shall relieve the employee from duty on the holiday. If so relieved, he shall receive normal holiday pay.
- (e) An employee who, in advance, requests to be relieved of duty on a holiday shall be so relieved, if it is consistent with operating requirements and if, where a replacement is required, such replacement is available.
- (f) Should a holiday occur during an employee's vacation, such holiday shall be paid in addition to vacation pay. Such holiday(s) pay shall be included with the vacation pay.
- (g) An employee on leave of absence or layoff granted by the Company shall receive no unworked holiday pay for any holiday included within the period of such leave of absence or layoff.
- (h) The employee's posted work schedule shall not be changed for the workweek in which a holiday occurs for the purpose of changing one of his scheduled days off from its regular day to the holiday.

### 13-3 Holiday Assignments

The Company will continue its practice of not requiring employees to work on holidays so long as there are sufficient qualified employees in the required classifications who are willing and available for work and so long as there is no requirement for the Company to rearrange or restructure the crews. If there are not sufficient qualified employees in the required classifications who are willing and available to perform the holiday work, assignments for holiday work will be made on the basis of seniority within the required classifications, with the junior qualified employees being assigned first.



**ARTICLE 14**  
**SAFETY AND HEALTH**

**14-1 Working Conditions**

- A. The Company shall provide respirators and other available safety devices which are, in its judgement, practicable and necessary, and shall continue its present policy of establishing and maintaining safety rules, practices, and facilities for the prevention of accidents and the protection of the health and safety of its employees, and the Union shall cooperate with the Company to these ends.
- B. The Company will continue to maintain proper working conditions and shall give prompt consideration to any suggestions made by any employee in regard thereto.

**14-2 Safety Rules**

- A. The safety rules of the Company, as published and hereafter revised by the Company, shall continue to govern operations, and the employees shall be bound by the provisions included therein. This will not prevent representatives of the employees from conferring with officers of the Company in regard to such matters or from appealing complaints against such rules or from suggesting changes in such rules in the interest of safety or improved practice. Copies of all such rules will be furnished to the employees or posted upon the bulletin boards. No changes may be made in such rules for the purpose of evading the provisions of this Agreement.
- B. The Union agrees that the discharge of any employee for intoxication or willful violation of safety laws or safety rules and regulations promulgated by the Company shall not be the subject of a grievance except as to the facts as to the degree of penalty.

**14-3 Safety Representatives**

The Union may appoint eight (8) Safety Representatives, one each from the Mine Operating Division, Mine Construction Division, Mine Mechanical Division, Plant Mechanical Division, Plant Mill Division, Plant Smelter Division, Plant Refinery Division, and Plant Construction Division within the Bargaining Unit. The Union's Representative shall accompany the Company Engineer on an inspection of his Division on a monthly basis and shall cooperate in making recommendations with respect to safety.

In addition to the Safety Representatives above, the Union may appoint an equal number of alternate Safety Representatives to serve in the absence of the regularly appointed Safety Representatives. The Union shall notify and keep the Company advised in writing of the names of the Safety Representatives and their alternates.

The Union's Representative making such inspections with the Company Safety Engineer during his regularly scheduled shift shall not lose any compensation for scheduled time spent in such inspections.

The inspections are intended to supplement the Company's established safety program.

A pre-employment physical and medical examination shall be required of all candidates for employment. If any employee performs duties which require, because of the safety of other persons, the maintenance of acceptable physical standards, such employees may be required to undergo special examinations from time to time. Such re-examinations shall be performed on Company time.

#### 15-2 Bulletin Boards

The Company shall furnish the Union Bulletin Boards and suitable places for posting of bulletins pertaining to Union Affairs. The Notices, before posting, shall be approved by the President or Secretary of the Union. The Union agrees not to post literature derogatory of Company.

#### 15-3 Apprenticeship

- A. Whenever the conditions and opportunities for establishment of an apprenticeship system become favorable for Brickmason, Carpenter and Pipefitter trades, the Company and the Union will endeavor to work out a mutually acceptable plan in conformity with State and Federal standards.

#### 15-4 Notices

- A. Any written notice required by this Agreement must be given by registered or certified mail, return receipt requested, within the time specified and addressed to the other party at the address herein specified.

- B. The address of the Company shall be:

Post Office Box M  
San Manuel, Arizona 85631

- C. The address of the Union shall be:

Post Office Box 336  
Oracle, Arizona 85623

#### 15-5 Attending Court or Jury Service

- A. An employee who attends court or inquest at the request of the Company shall be paid eight (8) hours' pay at his then straight time rate for each day so occupied, plus necessary expenses for meals, lodging, and transportation.
- B. An employee shall give the Company prior notice of such jury duty, or witness service, and satisfactory evidence of service on the jury, or witness service, and the payment therefore, and further that this provision shall not apply to a party in the action.

- C. For each calendar day on which the employee is scheduled to work and serves on jury duty or is subpoenaed as a witness in a court of law, he will receive eight (8) hours' pay at his then straight time rate less any remuneration he may receive for such jury duty or witness service.
- D. When excused from jury duty or service as a witness, an employee shall report for work on his next scheduled shift.
- E. An employee required to report for jury duty while scheduled to work "C" shift, shall be given time off for the scheduled shift preceding and following the date of jury assignment. The employee will receive the difference between his normal base rate and the provided jury fees.
- F. An employee subpoenaed for jury duty who may be released upon reporting for such duty on a particular day will be permitted to report for work after the starting time of the shift, and pay therefore shall be for actual time worked.

#### 15-6 Bereavement Leave

When death occurs to an employee's legal spouse, mother, father, mother-in-law, father-in-law, son, daughter, brother, sister, grand parents or grand children (including step father, step mother, step children, step brother, or step sister when they have lived with the employee in an immediate family relationship), and employee who has been on the company payroll sixty (60) days or more, upon request, will be allowed three (3) days off with pay for normal scheduled hours lost at the employee's base rate during a period beginning with the date of death and ending the third day following the funeral. Payment shall be eight (8) times his straight-time hourly base rate (as computed for jury pay). An employee will not receive pay when it duplicates pay received for time not worked for any other reason. Time thus paid will not be counted as hours worked for purposes of determining overtime or premium pay liability.

#### 15-7 Tools

Upon satisfactory proof to the Foreman, the Company will replace without cost employee's tools which are broken, worn out, or lost in Company service.

#### 15-8 Prescription Safety Glasses

Employees who are required to wear corrective glasses must furnish their first pair of approved safety glasses as a condition of employment. If the employee's corrective safety glasses are broken or damaged beyond use in Company service, and satisfactory proof is presented to the supervisor, the Company will replace the broken or damaged glasses with standard prescription safety glasses at no cost to the employee.

#### 15-9 Supervisors

No supervisory employee shall perform the assigned duties of any employee in the occupational classifications within the bargaining unit except:

- a. to instruct or assist an employee;

- b. to insure continuity of operations when qualified employees are not available;
- c. because of emergency.

#### **15-10 Printing of Agreement**

The Company agrees to supply printed copies of this Agreement to the Union and to the employees of the Company to whom it is applicable.

#### **15-11 Conflict with Laws**

In the event any of the provisions hereof may conflict with State or Federal statutes now existing or subsequently enacted, or with legal executive orders or regulations or applicable court decisions, the requirements of law shall overrule provisions of this Agreement, it being the intent thereof that neither of the parties to this Agreement may insist upon the observance of any provisions hereof where the other party to the Agreement is obligated by law to adopt a course in conflict with this Agreement. The remaining provisions of this Agreement not affected thereby shall remain in full force and effect.

#### **15-12 Access to Property**

The Company will not unreasonably deny a request by a full-time employee of the local or International Union to visit the property. \_\_\_\_\_

#### **15-13 Union Political Action Committee**

The Company will establish a payroll deduction system for annual voluntary contributions by employees to a Union Political Action Committee fund of the Union authorized by state or federal law.

The amount (subject to a minimum of \$5 per deduction) of payroll deductions and transmittal of such voluntary contributions shall be as specified on a PAC check-off authorization card and in conformance with any applicable state or Federal Statute. Such authorizations are to be submitted to the Company in February of each year. So long as the authorization and this commitment remain in effect, such deductions shall be made from earnings for the first full regular payroll period after March 1st of each such year. The Union shall provide, at its own cost and expense, the authorization cards to the Company for the purpose of making such deductions. The Union shall indemnify and save the Company harmless against any and all claims, demands, suits or other forms of liability that shall arise out of or by reason of action taken by the Company under this commitment, or in reliance on any list, notice or authorization furnished by the Union.

The Union will avail itself of the use of the Company's payroll system for this purpose and will reimburse the Company for the use of said payroll system as provided in the Federal Election Campaign Act.

The provisions shall remain in effect until July 1, 2007.

## CONTRACTS (Incentive Bonus)

### 16-1 General

- A. The Company has heretofore followed the policy of making incentive bonus payments under contracts for certain types of work, but guaranteeing the payment of the regular rates of pay in force for such work. The Company agrees to continue such policy and agrees to give employees in the Mine Operating Division engaged in certain operations the opportunity to earn and be paid a premium over and above their guaranteed basic wages for results accomplished in excess of set standards under the following terms and conditions for:
- (1) less labor costs than the labor price set for such stated amount of work;
  - (2) the completion of an amount of work in excess of a set amount for a stated period of time;
  - (3) the completion of a stated amount of work in less time than the set time for completing such stated amount of work.
- B. It is understood that no contract or bonus payment over the basic wage rate shall be paid or considered earned for any operation unless whatever standard set for such operation has been exceeded.

### 16-2 Classes of Bonus Work

- A. Contract or incentive bonus standards will usually be established for the following Contract Sections in the Development and Repair Department:
- (1) Timber repair (includes hi-packing),
  - (2) Shaft sinking and concreting,
  - (3) Drifts and crosscuts (Haulage, ventilation, and fringe),
  - (4) Stope preparation (includes grizzly lines, transfer raises, draw raises, and undercutting),
  - (5) Concrete (includes forming and placing),
  - (6) Salvage

### 16-3 Vacancies

- A. Vacancies occurring in the Development and Repair Department will be filled in accordance with the provisions of Article 8, Sections 8-2-I, 8-3-B, and 8-4-D.

- D. (1) Assignment to Hi-Pack work within the Repair and Hi-Pack Section shall be made on the basis of divisional seniority and qualifications from the employees in the Repair and Hi-Pack Section. Reduction in the number of employees performing Hi-pack work on a permanent basis shall be made on the basis of divisional seniority.
- (2) Assignments to Transfer Raise work within the Drifts and Crosscuts and Slope preparation Section shall be made from the employees within that section who are customarily assigned to such work; however, if such employees are not available in sufficient number, other employees from within the Drifts, Crosscut & Slope Preparation Section may be assigned.
- C. Employees absent for a period not in excess of fifteen (15) days for sickness, accident, vacations, or leave of absence shall return to their previously assigned heading or working place if the same is still operating.
- D. Employees on bonus or contract work shall not be assigned from their regular working places except to correct unusual conditions as determined by supervision in good faith and without exercising personal favoritism.

#### 16-4 Prices and Allowances

- A. Price allowance will be made for unusual conditions not covered in the basic contract prices. The Company will endeavor when possible to set such allowances prior to or as soon as practicable after the work is commenced.
- B. Where special price allowances are made for unusual conditions, the contractor will be given a written memorandum stating the price and defining the work such allowance covers as soon as the allowance has been determined.
- C. Company Time will be allotted for measurable delays in excess of one-half (1/2) hour per shift caused by circumstances beyond the control of the contractor which prevents the contractor from continuing work on the contract. Company time allotted for dead work not covered by the basic contract or price allowances will be considered as coming under the provisions of paragraphs A and B of this Section regarding allowances.
- D. Allowances in the form of Company Time for measurable delays entered by the supervisor will not be lowered.
- E. Contract prices and, whenever possible, time allowances will be posted and the work to be performed for such prices or time allowances will be defined. The Company will endeavor insofar as is practicable to include in such posted rates an amount sufficient to cover conditions which experience has shown do occur with such frequency that they may be considered as part of a particular job. Changes in the Company's Catalog of Permanent prices will not be made arbitrarily or without justifiable reason or just because an employee's bonus earnings have been high. For example, the introduction of new equipment which involves a variation in job content or a change in operational methods from the time the prices were last established may be cause for changing a price or establishing a new price. Prior to establishing changes in the Catalog of Permanent

- B. When it is necessary to discipline or discharge an employee, the Foreman or Shift Boss shall contact the nearest available Employee Representative in the department or division and in the presence of the employee and said Employee Representative explain the reason for such discipline or discharge. Where it is necessary to issue a warning that an employee's work is not satisfactory, the Employee Representative shall be present.
- C. Any warning to an employee which, after 12 months, has not been used as a basis for further disciplinary action within said 12-month period will be considered to have expired and will not thereafter be used as a basis for disciplinary action. This shall not affect any posted rules or practices for disciplining employees for repeated absences without leave.
- D. A grievance filed on an employee's discharge or other cases where the immediate supervisor is not involved may be submitted directly to the second step of the grievance procedure.

#### **6-3 Grievance Procedure**

##### **STEP 1**

##### **Verbal Presentation of Grievance to Supervisor**

An employee having a grievance shall, by himself or with the aid of his Employee Representative, give a verbal explanation of his grievance to his immediate supervisor at the same time he submits his grievance in writing. The immediate supervisor will attempt to adjust it, and his decision will be rendered in writing. The grievance shall be presented verbally as promptly as possible, and in no case in excess of five (5) calendar days from date of occurrence of the incident which led to the grievance.

##### **STEP 2**

##### **Written Presentation of Grievance to Division Head**

If the grievance has not been settled with the immediate supervisor within twenty-four (24) hours after written presentation, it shall be presented to the Division Head not later than forty-eight (48) hours after receipt from the immediate supervisor.

The Division Head shall have five (5) days from receipt of the written grievance to schedule a hearing for the purposes of discussing the grievance. In addition to the Division Head, the immediate supervisor, a representative from Personnel, the grievant, his Employee Representative, and an employee who is a member of the appropriate Grievance Committee may attend the Step 2 hearing. A witness whose presence is mutually agreed to may attend the hearing. The Division Head will have five (5) days from the date of the hearing to render his decision in writing. If the grievance is settled, the Division Head and the employee and the Employee Representative involved shall so indicate on the written grievance.

prices, the Company will notify the Union and meet with the Union's four-man Contract Bonus Committee, and at such meeting or additional meetings, if necessary, the Company shall furnish to the Contract Bonus Committee such information as shall be reasonably required to enable the Committee to understand how such changes were developed. In the event of a disagreement between the Company and the Committee as to price changes, the Committee may request a meeting with the General Manager, and a meeting will be scheduled by the General Manager with the Contract Bonus Committee in an effort to resolve the difference. (This paragraph does not apply to temporary price sheets or weekly rate factor sheets.) Wage deductions as posted will not be altered during the life of this Agreement except when prices are altered to reflect a change in the general wage scale.

- F. Settlement sheets showing the measurements and computations for determining the contract earnings will be posted weekly for each contract or bonus job. Such sheets will contain sufficient detail to fully explain the manner by which the results were obtained.
- G. Contract prices and rates shall fairly reflect fluctuations in the general wage scale. Such change in prices, allowances, and wage deductions shall be effective as of the first day of the first bonus period starting after, or on the effective date of such general wage increase.

#### 16-5 Grievances

- A. Complaints arising out of the operation of the bonus plan shall be limited to:
  - (1) (a) Errors in measurements or computations,
  - (b) Improper labor charges.
  - (2) (a) Application of factors or lump sum allowances for classification of ground;
  - (b) Allowances for inadequacies in ordinarily provided services;
  - (c) Allowances for unusual or unforeseen conditions not contemplated the established scale of prices or system of factors;
  - (d) "Company Time" allowances other than measurable delays.
- B. (1) Grievances arising out of the following shall be taken up with the immediate Supervisor as the first step in the Grievance Procedure:
  - (a) Improper labor charges;
  - (b) "Company Time" allowances other than measurable delays;
  - (c) Errors in measurements or computations;
  - (d) Application of factors or lump sum allowances for classification of ground;



- (e) Allowance for inadequacies in ordinarily provided services;
  - (f) Allowances for unusual or unforeseen conditions not contemplated by the established scale of prices or system of factors.
- (2) Grievances arising out of the following must be filed within five (5) days of the date of occurrence:
- (a) Allowances for inadequacies in ordinarily provided services.
- (3) Grievances arising out of the following must be filed within a period of five (5) days following the end of the contract period:
- (a) Applications of factors or lump sum allowances for classification of ground;
  - (b) Allowances for unusual or unforeseen conditions not contemplated by the established scale of prices or system of factors.
- (4) Grievances arising out of the following must be filed within a period of five (5) days following publication of contract results:
- (a) Errors in measurements or computations;
  - (b) Improper labor charges;
  - (c) "Company Time" allowances other than measurable delays.
- (5) Grievances arising out of the following shall be subject to Arbitration solely for questions of discrimination:
- (a) Applications of factors or lump sum allowances for classification of ground;
  - (b) Allowances for inadequacies in ordinarily provided services;
  - (c) Allowances for unusual or unforeseen conditions not contemplated by the established scale of prices or system of factors;
  - (d) "Company Time" allowances other than measurable delays.

#### 16-6 Employee Protection

Rules and regulations on discipline or discharge are not modified by this Article. The occasional inability to achieve bonus shall not be cause for discharge or discipline, nor shall it be the basis for deprivation of bonus contract assignments of an otherwise qualified employee.

- A. The sole right to administer the contract or incentive bonus plan is reserved exclusively to the Company.
- B. Employees are guaranteed their regular daily wage rate regardless of whether they earn incentive pay or their accomplishment falls below standards. However, no premium pay is guaranteed any employee unless he has earned such premium while working on the operation which is under the contract or incentive bonus plan.

#### ARTICLE 17

##### DURATION OF AGREEMENT

The parties hereby enter into this Agreement, which shall be effective as of November 1, 1991 and shall remain in effect from that date forward and, except as provided herein, shall not terminate earlier than July 1, 2007. The Anniversary Date of this Agreement is July 1. The Initial Period of this Agreement is from November 1, 1991, through June 30, 1997. If either party hereto notifies the other in writing at least six (6) months prior to (a) the end of the Initial Period, or (b) any Anniversary Date occurring after (but not including) July 1, 1997, that they desire to modify any term of this Agreement for the period commencing after the next Anniversary Date, the proposed modifications shall be set forth in such notice and the same shall become the subject of immediate Dispute Resolution negotiations (as provided in the Dispute Resolution Guidelines and Procedures). During such negotiations, this Agreement shall continue either in effect as written, or as modified by mutual written consent, or as dictated by an arbitration award properly issued under the Interest Arbitration section of the Dispute Resolution Procedure. The Union party to this Agreement shall propose modifications collectively with all other labor organizations which represent employees of the San Manuel Mining Division, the Magma Metals Company (the "San Manuel Divisions") and those which comprise the joint representative at the Pinto Valley Division, and only through their Chairman of the Magma Bargaining Committee.

A single written notice from the Company to the Unions Signatory to the Agreement shall constitute proper notice. Likewise, a single written notice from the Union Chairman of the Magma Bargaining Committee to the Company shall constitute proper notice.

Should the Dispute Resolution negotiations between the parties fail to produce complete agreement as to all terms and conditions that are subject to the Dispute Resolution Guidelines and Procedures, the Agreement (except as provided elsewhere herein) shall not terminate at the end of the Initial Period or the applicable Anniversary Date, as the case may be, but shall continue in effect until the matter has proceeded through Interest Arbitration as provided in the Interest Arbitration section of the Dispute Resolution Guidelines and Procedures. If a dispute exists as to whether an item involves a proper subject for Interest Arbitration, the Arbitration Panel shall decide such dispute at the request of either party. Unless otherwise agreed, any dispute concerning an item or issue not subject to the Dispute Resolution Guidelines and Procedures shall not be subject to Interest Arbitration and shall be referred to the appropriate Committee for continued discussion and resolution, and the terms of the parties' then effective Collective Bargaining Agreement shall continue in effect pending outcome of the discussion. Only items or issues in dispute which are subject to the Dispute Resolution Guidelines and

Procedures may be submitted to Interest Arbitration unless otherwise mutually agreed. If, at the end of the Initial Period, the parties reach complete agreement as to all terms which could be subject to Interest Arbitration, the such Agreement shall be effective in accordance with its terms. If the parties have failed to timely propose modifications, then the last terms of the parties' Agreement shall be effective for an additional one (1) year period unless the parties otherwise mutually agree upon a different duration.

Notwithstanding any other term or provision herein to the contrary, in the event that, during any five (5) Anniversary Year period, there have been: (a) two (2) separate Interest Arbitration awards each effective at any time during the five (5) anniversary year period; or (b) two (2) invocations of separate Interest Arbitrations both of which result in awards which may or may not be effective during the five (5) anniversary year period; or (c) an Interest Arbitration award effective at any time during the five (5) anniversary year period and one invocation of Interest Arbitration that results in an award, this Agreement shall automatically terminate on the Anniversary Date following the anniversary year to which the second such award applies, provided, that the parties, by mutual consent to all terms and conditions, may extend the life of this Agreement. The Anniversary Year shall mean any contract year from July 1 through June 30, after June 30, 1997.

Except by mutual agreement of the parties, Interest Arbitration shall not be invoked to affect any portion of the Initial Period or to extend this Agreement beyond June 30, 2007, nor to impose terms or provisions effective prior to July 1, 1997, or after June 30, 2007.

Either party may terminate this Agreement effective July 1, 2007, by giving at least sixty (60) days written notice to the other party. Absent timely notice by either party, this Agreement shall continue from year to year after July 1, 2007. In no event shall this Agreement terminate earlier than July 1, 2007, except as provided in this paragraph, or as provided in the provision concerning two (2) separate Interest Arbitration awards or invocations within a five (5) year period, or mutual agreement of the parties.

Except as may be mutually agreed on a case by case basis, or as specifically provided in the Duration of Agreement and Dispute Resolution Guidelines and Procedures, the parties specifically waive any rights which either may have to bargain with the other during the life of the continuing Agreement on any matter pertaining to rates of pay, wages, hours of employment or other conditions of employment, except as provided in the slotting clause.

**MAGMA COPPER COMPANY  
SAN MANUEL DIVISION**

/s/ Marsh H. Campbell  
Vice President, Human Resources

**UNITED STEELWORKERS OF AMERICA,  
AFL-CIO-CLC**

/s/ Lynn R. Williams, President  
/s/ George F. Becker, V. President, Administration  
/s/ Leon Lynch, V. President, (Human Affairs)  
/s/ Edgar L. Ball, Secretary/Treasurer  
/s/ Robert R. Guadiana, Director, District #39

UNITED STEELWORKERS OF AMERICA,  
 AFL-CIO-CLC, Local No. 937  
 /s/ George Corona /s/ Manny Medina  
 /s/ Cliff Deatherage /s/ Chris Quiroz  
 /s/ Frank Diaz /s/ Charlie Salaz  
 /s/ John Kerrigan

**EXHIBIT 1**

**GROUP H**

**EXCERPT from Certification of Representatives, dated May 6, 1964, by the National Labor Relations Board:**

"All production and maintenance employees at the Employer's San Manuel, Arizona operations, including all heavy equipment operators, mobile crane operators, crane car operators, universal equipment operators, shovel operators, drag line operators, turner dozer operators, bulldozer operators, cat operators, cat and carryall operators utilized at quarry operations, hoistman (large), hoist operators (large), mine hoistman and hoist operators, end load operators, compressor operators at the compressor house, equipment operators designated as blade operators, tractor operators, and haul loader operators."

**EXHIBIT 2**

**MINE OPERATING DIVISION**

|   | <u>Rate of<br/>Pay Level</u> |
|---|------------------------------|
| <b>Development and Repair Department</b>    |                              |
| (All five sections)                         |                              |
| Miner (Pool)                                | 6                            |
| Miner                                       | 8                            |
| Leadminer                                   | 9                            |
| <b>Construction Department</b>              |                              |
| Miner                                       | 6                            |
| <b>Track Department</b>                     |                              |
| Backhoe Operator                            | 6                            |
| Trackman Miner                              | 6                            |
| Trackman First Class                        | 7                            |
| Trackman Leadman                            | 8                            |
| <b>Supply, Service, and Draw Department</b> |                              |
| Chute Blaster                               | 6                            |
| Battery Motorman                            | 6                            |
| LHD Operator                                | 7                            |

In making assignments to sinking hoist work, such assignment will be offered to the Hoistman Small, or Hoistman Large, with the most Hoistman Small (occupational) Seniority, providing he is qualified for the job. If the assignment is given to a Hoistman Large, he will remain in the Hoistman Large classification; if the assignment is given to a Hoistman Small, he will remain in the Hoistman Small classification, but will receive the #9 (nine) rate of pay while performing sinking work.

In reducing the number of Hoistman performing sinking work (considering both classifications), the employees with the least Hoistman Small seniority will be removed from sinking work, and will return to work in his respective classification.

|                                       |   |
|---------------------------------------|---|
| <b>Haulage Department</b>             |   |
| Battery Motorman                      | 6 |
| Raise Blaster                         | 6 |
| Hi-Vac Operator                       | 6 |
| Car Cleaner                           | 6 |
| Cleanup Operator                      | 7 |
| Trolley Motorman                      | 7 |
| Skip and Dump Operator                | 8 |
| <b>Miscellaneous</b>                  |   |
| Sampler                               | 6 |
| Sanitation Man                        | 6 |
| Toolroom Man                          | 6 |
| <b>Non-Contract Department - Pool</b> |   |
| Trackman Mucker                       | 3 |
| Chute Tapper                          | 3 |
| Supply Trimmer                        | 3 |
| Car Loader                            | 3 |

#### MINE CONSTRUCTION DIVISION

|                                |   |
|--------------------------------|---|
| <b>Construction Department</b> |   |
| Carpenter Helper               | 2 |
| Sawman                         | 3 |
| Operator                       | 5 |
| Carpenter Journeyman Second    | 6 |
| Carpenter Journeyman           | 9 |

|                                  |   |
|----------------------------------|---|
| <b>Supply and Pit Department</b> |   |
| Departmental laborer             | 1 |
| Helper                           | 2 |
| FORKLIFT DRIVER                  | 3 |
| TRUCKDRIVER                      | 4 |
| TRUCKDRIVER 10-TON               | 5 |
| TRUCKDRIVER 20-TON & OVER        | 6 |
| CARYLIFT DRIVER                  | 7 |
| Batch Plant Operator             | 8 |
| Equipment Operator               | 8 |
| <b>Miscellaneous</b>             |   |
| Janitor                          | 1 |
| Jackhammerman                    | 3 |
| Handyman                         | 5 |
| Primerman                        | 6 |
| <b>Labor Pool</b>                |   |
| Laborer                          | 1 |

#### PLANT MILL DIVISION

|                                  |   |
|----------------------------------|---|
| <b>Mine Crushing Department</b>  |   |
| Departmental Laborer             | 1 |
| Helper                           | 2 |
| Operator                         | 5 |
| <b>Plant Crushing Department</b> |   |
| Departmental Laborer             | 1 |
| Helper                           | 2 |
| Sub Operator                     | 3 |
| Operator                         | 5 |
| Lead Operator                    | 6 |
| <b>Concentrator Department</b>   |   |
| Departmental Laborer             | 1 |
| Helper                           | 2 |
| Operator                         | 5 |
| <b>Tailings Department</b>       |   |
| Departmental Laborer             | 1 |
| Helper                           | 2 |
| Truckdriver                      | 4 |
| Operator                         | 5 |
| D-5 Dozer Operator               | 6 |
| <b>Miscellaneous</b>             |   |
| Janitor                          | 1 |

# PLANT SMELTER DIVISION

## Acid Plant Department

|                      |   |
|----------------------|---|
| Departmental Laborer | 1 |
| Helper               | 2 |
| Utilityman           | 4 |
| Sub Operator         | 5 |
| Acid Plant Man       | 8 |

## Flash Furnace Department

|                      |   |
|----------------------|---|
| Departmental Laborer | 1 |
| Utilityman           | 4 |
| Tapper               | 5 |
| Slag Hauler          | 6 |
| Flash Furnace        | 8 |

## Converter Department

|                      |   |
|----------------------|---|
| Departmental Laborer | 1 |
| Puncher              | 5 |
| Operator             | 6 |
| Skimmer              | 8 |
| Craneman             | 8 |

## Anode and Casting Department

|                      |   |
|----------------------|---|
| Departmental Laborer | 1 |
| Forklift Driver      | 3 |
| Mold and Spoon Maker | 3 |
| Tongman              | 3 |
| Assistant Refiner    | 5 |
| Anode Craneman       | 5 |
| Krane Kar Operator   | 5 |
| Copper Pourer        | 6 |
| Refiner              | 8 |
| Anode Processor      | 9 |

## Lime and Flux Department

|                      |   |
|----------------------|---|
| Departmental Laborer | 1 |
| Helper               | 2 |
| Sub Operator         | 4 |
| Operator             | 5 |
| Lead Operator        | 6 |

**Material Handling Department**

|                                |    |
|--------------------------------|----|
| Departmental Laborer           | 1  |
| Helper                         | 2  |
| Sub Operator                   | 4  |
| Krane Kar Operator             | 5  |
| Equipment Operator             | 8  |
| Crane Aisle Equipment Operator | 9  |
| Leadman                        | 11 |

**Miscellaneous**

|                     |    |
|---------------------|----|
| Janitor             | 1  |
| Roof Blower         | 2  |
| Mechanical Sweepman | 2  |
| Jackhammerman       | 3  |
| Utilityman          | 4  |
| Tool Tender         |    |
| Brickmason          | 11 |

**Labor Pool**

|         |   |
|---------|---|
| Laborer | 1 |
|---------|---|

**MINE MECHANICAL DIVISION****Pipe Department**

|                              |    |
|------------------------------|----|
| Helper                       | 2  |
| Helper Underground           | 3  |
| Pipefitter Journeyman Second | 6  |
| Compressor Operator          | 7  |
| Pipefitter Journeyman        | 9  |
| Pumpman Journeyman           | 9  |
| Pipefitter Leadman           | 11 |
| Pumpman Leadman              | 11 |

**Miscellaneous**

|                      |   |
|----------------------|---|
| Power Plant Engineer | 9 |
|----------------------|---|

**PLANT MECHANICAL DIVISION****Pipe Department**

|                              |    |
|------------------------------|----|
| Helper I                     | 2  |
| Pipefitter Journeyman Second | 6  |
| Pipefitter Journeyman        | 9  |
| Pipefitter Leadman           | 11 |

**Miscellaneous**

|         |   |
|---------|---|
| Janitor | 1 |
|---------|---|



# PLANT CONSTRUCTION DIVISION

|                              |    |
|------------------------------|----|
| <b>Facilities Department</b> |    |
| Helper                       | 2  |
| Maintenance Journeyman 2nd   | 6  |
| Maintenance Journeyman       | 9  |
| Leadman                      | 11 |
| <b>Carpenter Department</b>  |    |
| Helper                       | 2  |
| Carpenter Journeyman Second  | 6  |
| Carpenter Journeyman         | 9  |
| Leadman                      | 11 |
| <b>Service Department</b>    |    |
| TRUCKDRIVER                  | 4  |
| TRUCKDRIVER 10-TON           | 5  |
| TRUCKDRIVER 20-TON & OVER    | 6  |
| CARYLIFT DRIVER              | 7  |
| LEADMAN                      | 11 |
| <b>Miscellaneous</b>         |    |
| Janitor                      | 1  |
| Jackhammerman                | 3  |
| Salvageman                   | 8  |
| <b>Labor Pool</b>            |    |
| Laborer                      | 1  |

# PLANT REFINERY DIVISION

|                             |   |
|-----------------------------|---|
| <b>Tankhouse Department</b> |   |
| Departmental Laborer        | 1 |
| Helper                      | 2 |
| Sub Operator                | 3 |
| Operator                    | 5 |
| Craneman                    | 6 |
| <b>Casting Department</b>   |   |
| Departmental Laborer        | 1 |
| Helper                      | 2 |
| Sub Operator                | 3 |
| Operator                    | 5 |
| Melting Casting Operator    | 6 |
| Rolling Mill Operator       | 6 |

|                               |   |
|-------------------------------|---|
| Mechanical Sweeperman         | 2 |
| FORKLIFT DRIVER               | 3 |
| FORKLIFT DRIVER 10-TON & OVER | 4 |
| Utility Operator              | 6 |
| STRADDLE CARRIER              | 6 |

|            |   |
|------------|---|
| Labor Pool |   |
| Laborer    | 1 |

EXHIBIT 3

SAN MANUEL OPERATIONS

Rates effective from November 1, 1991, through June 30, 1993

|       |        |        |        |        |        |        |        |
|-------|--------|--------|--------|--------|--------|--------|--------|
| COMEX | \$0.00 | \$0.95 | \$1.00 | \$1.05 | \$1.10 | \$1.15 | \$1.20 |
|       | \$0.94 | \$0.99 | \$1.04 | \$1.09 | \$1.14 | \$1.19 | OVER   |

| Pay<br>Grade | (Base Rates)* |       |       |       |       |       |       |
|--------------|---------------|-------|-------|-------|-------|-------|-------|
| 1a           | 9.95          | 10.02 | 10.09 | 10.16 | 10.23 | 10.30 | 10.37 |
| 2a           | 10.34         | 10.41 | 10.48 | 10.55 | 10.62 | 10.69 | 10.76 |
| 1            | 8.66          | 8.73  | 8.80  | 8.87  | 8.94  | 9.01  | 9.08  |
| 2            | 9.49          | 9.56  | 9.63  | 9.70  | 9.77  | 9.84  | 9.91  |
| 3            | 10.99         | 11.06 | 11.13 | 11.20 | 11.27 | 11.34 | 11.41 |
| 4            | 11.32         | 11.39 | 11.46 | 11.53 | 11.60 | 11.67 | 11.74 |
| 5            | 11.65         | 11.72 | 11.79 | 11.86 | 11.93 | 12.00 | 12.07 |
| 6            | 12.24         | 12.31 | 12.38 | 12.45 | 12.52 | 12.59 | 12.66 |
| 7            | 12.58         | 12.65 | 12.72 | 12.79 | 12.86 | 12.93 | 13.00 |
| 8            | 13.43         | 13.50 | 13.57 | 13.64 | 13.71 | 13.78 | 13.85 |
| 9            | 14.15         | 14.22 | 14.29 | 14.36 | 14.43 | 14.50 | 14.57 |
| 10           | 14.45         | 14.52 | 14.59 | 14.66 | 14.73 | 14.80 | 14.87 |
| 11           | 14.79         | 14.86 | 14.93 | 15.00 | 15.07 | 15.14 | 15.21 |

# SAN MANUEL OPERATIONS

Rates effective from July 1, 1993, through June 30, 1994

|       |        |        |         |        |        |        |        |
|-------|--------|--------|---------|--------|--------|--------|--------|
| COMEX | \$0.00 | \$0.95 | -\$1.00 | \$1.05 | \$1.10 | \$1.15 | \$1.20 |
|       | \$0.94 | \$0.99 | \$1.04  | \$1.09 | \$1.14 | \$1.19 | OVER   |

| Pay Grade | (Base Rates)* |       |       |       |       |       |       |
|-----------|---------------|-------|-------|-------|-------|-------|-------|
| 1a        | 10.30         | 10.37 | 10.44 | 10.51 | 10.58 | 10.65 | 10.72 |
| 2a        | 10.69         | 10.76 | 10.83 | 10.90 | 10.97 | 11.04 | 11.11 |
| 1         | 9.01          | 9.08  | 9.15  | 9.22  | 9.29  | 9.36  | 9.43  |
| 2         | 9.84          | 9.91  | 9.98  | 10.05 | 10.12 | 10.19 | 10.26 |
| 3         | 11.34         | 11.41 | 11.48 | 11.55 | 11.62 | 11.69 | 11.76 |
| 4         | 11.67         | 11.74 | 11.81 | 11.88 | 11.95 | 12.02 | 12.09 |
| 5         | 12.00         | 12.07 | 12.14 | 12.21 | 12.28 | 12.35 | 12.42 |
| 6         | 12.59         | 12.66 | 12.73 | 12.80 | 12.87 | 12.94 | 13.01 |
| 7         | 12.93         | 13.00 | 13.07 | 13.14 | 13.21 | 13.28 | 13.35 |
| 8         | 13.78         | 13.85 | 13.92 | 13.99 | 14.06 | 14.13 | 14.20 |
| 9         | 14.50         | 14.57 | 14.64 | 14.71 | 14.78 | 14.85 | 14.92 |
| 10        | 14.80         | 14.87 | 14.94 | 15.01 | 15.08 | 15.15 | 15.22 |
| 11        | 15.14         | 15.21 | 15.28 | 15.35 | 15.42 | 15.49 | 15.56 |

# SAN MANUEL OPERATIONS

Rates effective from July 1, 1994, through June 30, 1995

|       |        |        |        |        |        |        |        |
|-------|--------|--------|--------|--------|--------|--------|--------|
| COMEX | \$0.00 | \$0.95 | \$1.00 | \$1.05 | \$1.10 | \$1.15 | \$1.20 |
|       | \$0.94 | \$0.99 | \$1.04 | \$1.09 | \$1.14 | \$1.19 | OVER   |

| Pay Grade | (Base Rates)* |       |       |       |       |       |       |
|-----------|---------------|-------|-------|-------|-------|-------|-------|
| 1a        | 10.30         | 10.67 | 10.74 | 10.81 | 10.88 | 10.95 | 11.02 |
| 2a        | 10.69         | 11.06 | 11.13 | 11.20 | 11.27 | 11.34 | 11.41 |
| 1         | 9.01          | 9.38  | 9.45  | 9.52  | 9.59  | 9.66  | 9.73  |
| 2         | 9.84          | 10.21 | 10.28 | 10.35 | 10.42 | 10.49 | 10.56 |
| 3         | 11.34         | 11.71 | 11.78 | 11.85 | 11.92 | 11.99 | 12.06 |
| 4         | 11.67         | 12.04 | 12.11 | 12.18 | 12.25 | 12.32 | 12.39 |
| 5         | 12.00         | 12.37 | 12.44 | 12.51 | 12.58 | 12.65 | 12.72 |
| 6         | 12.59         | 12.96 | 13.03 | 13.10 | 13.17 | 13.24 | 13.31 |
| 7         | 12.93         | 13.30 | 13.37 | 13.44 | 13.51 | 13.58 | 13.65 |
| 8         | 13.78         | 14.15 | 14.22 | 14.29 | 14.36 | 14.43 | 14.50 |
| 9         | 14.50         | 14.87 | 14.94 | 15.01 | 15.08 | 15.15 | 15.22 |
| 10        | 14.80         | 15.17 | 15.24 | 15.31 | 15.38 | 15.45 | 15.52 |
| 11        | 15.14         | 15.51 | 15.58 | 15.65 | 15.72 | 15.79 | 15.86 |

Beginning July 1, 1994 through June 30, 1997, if for any quarterly period the average COMEX price is below 95¢, the wages will not be reduced below the 95¢ - 99¢ level on the wage grid so long as the Company's net income, after taxes, exceeds \$3.75 million for the most recently reported quarterly period as reported in the 10Q or 10K filed with the Securities and Exchange Commission.

Likewise, if the COMEX price for any quarterly period is above 95¢ and the Company's net income, after taxes, does not equal or exceed \$3.75 million for the most recently reported quarterly period as reported in the 10Q or 10K filed with the Securities and Exchange Commission, the wages will be as stated on the 0 - 94¢ level on the wage grid.

## SAN MANUEL OPERATIONS

Rates effective from July 1, 1995, through June 30, 1996

|       |        |        |        |        |        |        |        |
|-------|--------|--------|--------|--------|--------|--------|--------|
| COMEX | \$0.00 | \$0.95 | \$1.00 | \$1.05 | \$1.10 | \$1.15 | \$1.20 |
|       | \$0.94 | \$0.99 | \$1.04 | \$1.09 | \$1.14 | \$1.19 | OVER   |

| Pay Grade | (Base Rates)* |       |       |       |       |       |       |
|-----------|---------------|-------|-------|-------|-------|-------|-------|
| 1a        | 10.60         | 10.92 | 10.99 | 11.06 | 11.13 | 11.20 | 11.27 |
| 2a        | 10.99         | 11.31 | 11.38 | 11.45 | 11.52 | 11.59 | 11.66 |
| 1         | 9.31          | 9.63  | 9.70  | 9.77  | 9.84  | 9.91  | 9.98  |
| 2         | 10.14         | 10.46 | 10.53 | 10.60 | 10.67 | 10.74 | 10.81 |
| 3         | 11.64         | 11.96 | 12.03 | 12.10 | 12.17 | 12.24 | 12.31 |
| 4         | 11.97         | 12.29 | 12.36 | 12.43 | 12.50 | 12.57 | 12.64 |
| 5         | 12.30         | 12.62 | 12.69 | 12.76 | 12.83 | 12.90 | 12.97 |
| 6         | 12.89         | 13.21 | 13.28 | 13.35 | 13.42 | 13.49 | 13.56 |
| 7         | 13.23         | 13.55 | 13.62 | 13.69 | 13.76 | 13.83 | 13.90 |
| 8         | 14.08         | 14.40 | 14.47 | 14.54 | 14.61 | 14.68 | 14.75 |
| 9         | 14.80         | 15.12 | 15.19 | 15.26 | 15.33 | 15.40 | 15.47 |
| 10        | 15.10         | 15.42 | 15.49 | 15.56 | 15.63 | 15.70 | 15.77 |
| 11        | 15.44         | 15.76 | 15.83 | 15.90 | 15.97 | 16.04 | 16.11 |

Beginning July 1, 1994 through June 30, 1997, if for any quarterly period the average COMEX price is below 95¢, the wages will not be reduced below the 95¢ - 99¢ level on the wage grid so long as the Company's net income, after taxes, exceeds \$3.75 million for the most recently reported quarterly period as reported in the 10Q or 10K filed with the Securities and Exchange Commission.

Likewise, if the COMEX price for any quarterly period is above 95¢ and, the Company's net income, after taxes, does not equal or exceed \$3.75 million for the most recently reported quarterly period as reported in the 10Q or 10K filed with the Securities and Exchange Commission, the wages will be as stated on the 0 - 94¢ level on the wage grid.

# SAN MANUEL OPERATIONS

Rates effective from July 1, 1996, through June 30, 1997

|       |        |        |        |        |        |        |        |
|-------|--------|--------|--------|--------|--------|--------|--------|
| COMEX | \$0.00 | \$0.95 | \$1.00 | \$1.05 | \$1.10 | \$1.15 | \$1.20 |
|       | \$0.94 | \$0.99 | \$1.04 | \$1.09 | \$1.14 | \$1.19 | OVER   |

| Pay Grade | (Base Rates)* |       |       |       |       |       |       |
|-----------|---------------|-------|-------|-------|-------|-------|-------|
| 1a        | 10.60         | 11.17 | 11.24 | 11.31 | 11.38 | 11.45 | 11.52 |
| 2a        | 10.99         | 11.56 | 11.63 | 11.70 | 11.77 | 11.84 | 11.91 |
| 1         | 9.31          | 9.88  | 9.95  | 10.02 | 10.09 | 10.16 | 10.23 |
| 2         | 10.14         | 10.71 | 10.78 | 10.85 | 10.92 | 10.99 | 11.06 |
| 3         | 11.64         | 12.21 | 12.28 | 12.35 | 12.42 | 12.49 | 12.56 |
| 4         | 11.97         | 12.54 | 12.61 | 12.68 | 12.75 | 12.82 | 12.89 |
| 5         | 12.30         | 12.87 | 12.94 | 13.01 | 13.08 | 13.15 | 13.22 |
| 6         | 12.89         | 13.46 | 13.53 | 13.60 | 13.67 | 13.74 | 13.81 |
| 7         | 13.23         | 13.80 | 13.87 | 13.94 | 14.01 | 14.08 | 14.15 |
| 8         | 14.08         | 14.65 | 14.72 | 14.79 | 14.86 | 14.93 | 15.00 |
| 9         | 14.80         | 15.37 | 15.44 | 15.51 | 15.58 | 15.65 | 15.72 |
| 10        | 15.10         | 15.67 | 15.74 | 15.81 | 15.88 | 15.95 | 16.02 |
| 11        | 15.44         | 16.01 | 16.08 | 16.15 | 16.22 | 16.29 | 16.36 |

Beginning July 1, 1994 through June 30, 1997, if for any quarterly period the average COMEX price is below 95¢, the wages will not be reduced below the 95¢ - 99¢ level on the wage grid so long as the Company's net income, after taxes, exceeds \$3.75 million for the most recently reported quarterly period as reported in the 10Q or 10K filed with the Securities and Exchange Commission.

Likewise, if the COMEX price for any quarterly period is above 95¢ and, the Company's net income, after taxes, does not equal or exceed \$3.75 million for the most recently reported quarterly period as reported in the 10Q or 10K filed with the Securities and Exchange Commission, the wages will be as stated on the 0 - 94¢ level on the wage grid.

# Employee Representatives and Alternates

|  | Number<br>Not to<br>Exceed |                                      | Number<br>Assigned<br>Same<br>Crew*            |                                      | Number<br>Assigned<br>Same<br>Shift            |
|--|----------------------------|--------------------------------------|--|--------------------------------------|--|
|  |                            | E<br>M<br>P<br>L<br>O<br>Y<br>E<br>S | A<br>L<br>T<br>E<br>R<br>N<br>A<br>T<br>E<br>S | E<br>M<br>P<br>L<br>O<br>Y<br>E<br>S | A<br>L<br>T<br>E<br>R<br>N<br>A<br>T<br>E<br>S |
| DIVISION   |                            |                                      |  |                                      |  |
| Mine Operating Division                                    | 40                         | -                                    | 10   | -                                    | -  |
| Mine Construction Division &<br>Mine Mechanical Divisional | 9                          | 9                                    | -  | -                                    | 3  |
| Plant Mill Division  | 19                         | -                                    | -  | -                                    | -  |
| Plant Smelter Division                                     | 20                         | 20                                   | -  | -                                    | -  |
| Plant Mechanical Division                                  | 2                          | 2                                    | -  | -                                    | 1  |
| Plant Construction Division                                | 1                          | 1                                    | -  | -                                    | 1  |
| Plant Refinery Division                                    | 6                          | 3                                    | -  | -                                    | 2  |

\* The term "crew" is interpreted as one of the four rotating crews on the 7-1, 7-2, 7-4 work schedule.



#### RETENTION OF SENIORITY - EXAMPLES

It is agreed between the Company and the Union that the following is an understanding as to the application of Section 8-4-A-(1) and Section 8-4-F, of Article 8 of the Collective Bargaining Agreement.

1. After an employee is returned to employment of Company under the reduction of force and/or recall provisions of Article 8 of the Collective Bargaining Agreement, he shall retain his Company seniority he had at the time of layoff.

##### Example 1:

An Employee is hired July 1, 1960, in the Mine Operating Division and works continuously in that Division until he is laid off in a reduction of force, July 1, 1962. He is re-employed July, 1963, in the Mine Operating Division. He will be given adjusted Company and Mine Operating Division seniority dates of July 1, 1961.

##### Example 2:

An employee is hired July 1, 1960, in the Mine Operating Division and works continuously in that Division until he is laid off in a reduction of force, July 1, 1962. He is re-employed in the Smelter Division July 1, 1963. He retains recall and seniority rights in the Mine Operating Division and will be given an adjusted Company seniority date of July 1, 1961.

19

WINE OPERATING DIVISION

| Date of Pay Level | Development & Repair Department |                        |                           | Est. No. |
|-------------------|---------------------------------|------------------------|---------------------------|----------|
|                   | Drift & Equipment Section       | Shum Operation Section | Oper. & High-Push Section |          |
| 15                |                                 |                        |                           |          |
| 10                |                                 |                        |                           |          |
| 9                 | Leadminer                       | Leadminer              | Leadminer                 | 100      |
| 8                 | Miner                           | Miner                  | Miner                     | 11       |
| 7                 |                                 |                        |                           |          |
| 6                 |                                 |                        |                           |          |
| 5                 |                                 |                        |                           |          |
| 4                 |                                 |                        |                           |          |
| 3                 |                                 |                        |                           |          |

MINES PGM.  
No. & Date of Pay

- 1 Job bid within Development & Repair Department
- 2 Job bid from Wine Operating Division
- 3 Job bid from within Wine Operating Division on 1
- 4 Eager Trained bid from within Wine Operating Div
- 5 Shaftwork will be compensated at the 95 rate

# MINE CONSTRUCTION DIVISION

| Rate of Pay Level | Construction Department | Supply & Pit Department     | Miscellaneous | Rate of Pay Level |
|-------------------|-------------------------|-----------------------------|---------------|-------------------|
| 8                 | Carpenter Journeyman    | Batch Plant Operator        |               | 8                 |
| 7                 |                         | Equipment Operator          |               | 7                 |
| 6                 | Carpenter Jrrny. 2nd    | CARYLIFT DRIVER             | 1             | 6                 |
| 5                 | Operator                | TRUCKDRIVER 20-TON AND OVER | Handyman      | 5                 |
| 4                 |                         | TRUCKDRIVER 10-TON          |               | 4                 |
| 3                 | Sawman                  | TRUCKDRIVER                 | Jackhammerman | 3                 |
| 2                 | Carpenter Helper        | FORKLIFT DRIVER 2           |               | 2                 |
| 1                 |                         | Helper                      | 3,6           | 1                 |
|                   |                         | Departmental Laborer        |               |                   |
|                   |                         | Labor Pool                  | 5             |                   |
|                   |                         |                             | Janitor       | 1                 |

1 Bid from Division.

2 The three senior helpers are to be considered as being in the Teamster's Bargaining Unit. It is understood that all Helpers whether in Teamsters' or Steelworker's Bargaining Unit, will perform any and all work falling within the classification as determined and assigned by Supervision.

3 Must be Truckdriver 20-Ton and Over qualified in order to retain this position.

4 Temporary vacancies only.

5 Janitors will be given preference for filling entry level laborer jobs before transfers or new hires are made.

6 See Addendum to Flowsheet.

**MINE CONSTRUCTION DIVISION  
ADDENDUM TO FLOWSHEET**

Supply and Pit Department Permanent Vacancy

When a permanent vacancy occurs in the classifications above the Departmental Laborer in the Supply & Pit Department, Mine Construction Division, such vacancy may be filled temporarily by the Company. Notice of such permanent vacancy will be posted within the Supply & Pit Department for five (5) calendar days. The vacancy shall be filled on the basis of Departmental Seniority, provided the applicant is qualified to perform the work. In the absence of a qualified bidder for the job, it shall be filled by the senior qualified employee from the next lower occupation in that line of promotion within the department. In the absence of a qualified applicant for the vacancy, the Company may fill the vacancy from any source.

Departmental Laborer Classification

When a permanent vacancy occurs in the classification of Departmental Laborer in the Mine Construction Division, such vacancy may be filled temporarily by the Company. Notice of such permanent vacancy will be posted within the San Manuel Division for five (5) calendar days. The vacancy shall be filled first on the basis of Mine Construction Division seniority, second on the basis of Company seniority, provided the applicant is qualified to perform the work. In the absence of a qualified applicant for the vacancy, the Company may fill the vacancy from any source.

Reduction in Force

Reduction in forces shall be made in reverse order of the respective Bargaining Units' Collective Bargaining Agreement language as if only one line of flow existed insofar as compatible with efficient operations.

# MINE MECHANICAL DIVISION

| Rate of Pay Level | Pipe Department                             | Miscellaneous                     | Rate of Pay Level |
|-------------------|---|-----------------------------------|-------------------|
| 11                | Pumpman Leadman<br>Pipefitter Leadman       |                                   | 11                |
| 9                 |   | Power Plant Engineer <sup>1</sup> | 9                 |
| 9                 | Pumpman Journeyman<br>Pipefitter Journeyman |                                   | 9                 |
| 7                 | Compressor Operator                         |                                   | 7                 |
| 6                 | Pipefitter Journeyman 2nd                   |                                   | 6                 |
| 5                 |   |                                   | 5                 |
| 4                 |   |                                   | 4                 |
| 3                 | Helper Underground                          |                                   | 3                 |
| 2                 | Helper POOL                                 |                                   | 2                 |
| 1                 |   |                                   | 1                 |

<sup>1</sup>  
Bid from Division

# PLANT MILL DIVISION

| Rate<br>of Pay<br>Level | Mine Crushing<br>Department |
|-------------------------|-----------------------------|
| 6                       |                             |
| 5                       |                             |
| 4                       | Operator                    |
| 3                       |                             |
| 2                       | Helper                      |
| 1                       | Departmental<br>Laborer     |
| 1                       |                             |

1 - Laborers in the La  
the Company reserve  
2 - Janitors will be g  
are made.

# PLANT SHELTER DIVISION

| Rate of Pay Level | Acid Plant Department | Flesh Forming Department | Connector Department | Acids and Coating Department | Lime and Film Department | Material Dept.       |
|-------------------|-----------------------|--------------------------|----------------------|------------------------------|--------------------------|----------------------|
| 14                |                       |                          |                      | Acids Processor              |                          | Lead Operator        |
| 9                 |                       |                          |                      |                              |                          | Crane Equipment      |
| 8                 | Acid Plant Man        | Flesh Forming            | Blower Crossman      | Refiner                      |                          | Equipment            |
| 6                 |                       | Slag Hauler              | Operator             | Copper Pourer                | Lead Operator            |                      |
| 5                 |                       |                          | Purifier             | Crane for Operator           | Assistant Refiner        | Crane Op.            |
| 4                 | Sub Operator          | Tapper                   |                      | Acids Crankman               | Operator                 |                      |
| 3                 | Utilityman            | Utilityman               |                      | Torpedo                      | Sub Operator             | Sub Operator         |
| 2                 |                       |                          |                      | Hold & Screen                |                          |                      |
| 1                 | Helper                |                          |                      | Forklift Driver              | Helper                   | Helper               |
| 0                 | Departmental Laborer  | Departmental Laborer     | Departmental Laborer | Departmental Laborer         | Departmental Laborer     | Departmental Laborer |
| A                 | Labor Pool            |                          |                      |                              |                          |                      |

1. Bid from Division on basis of Divisional seniority. Assignments within one classification will be made by supervisor in making such assignments; seniority will be considered where practicable in the effective conduct of operations.

2. Juniors will be given preference for filling entry level laborer jobs before transfers or new hires are made.

3. Employees in the Purifier classification should become qualified in the Blower and/or Crossman positions.

4. In the event the job is not filled by the senior qualified employee, the vacancy will be filled by assigning the employee in the line of flow. The company may have to retain employees in their present classification for a period to retain employees. Upon actual transfer to their new classification, the employee will be given the applicable rate if the transfer had occurred on the actual date of selection.

5. Senior qualified applicants from first, Acids Department; second, Smelter Division; third, Home Metals. Selection will be made by a committee composed of 2 salaried employees designated by management, and 2 union representative.

PLANT COP

Rate  
of Pay  
Level

11

9

8

7

6

5

4

3

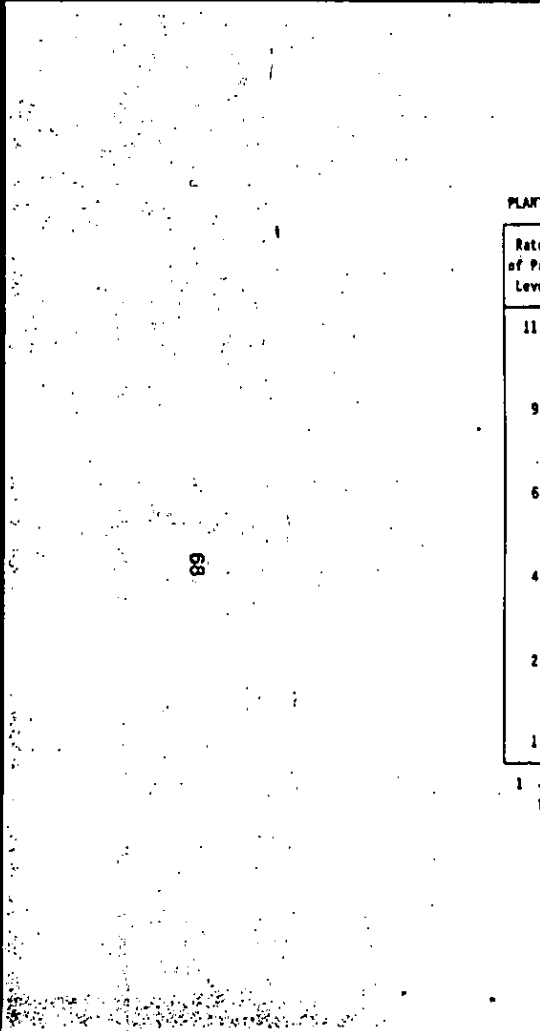
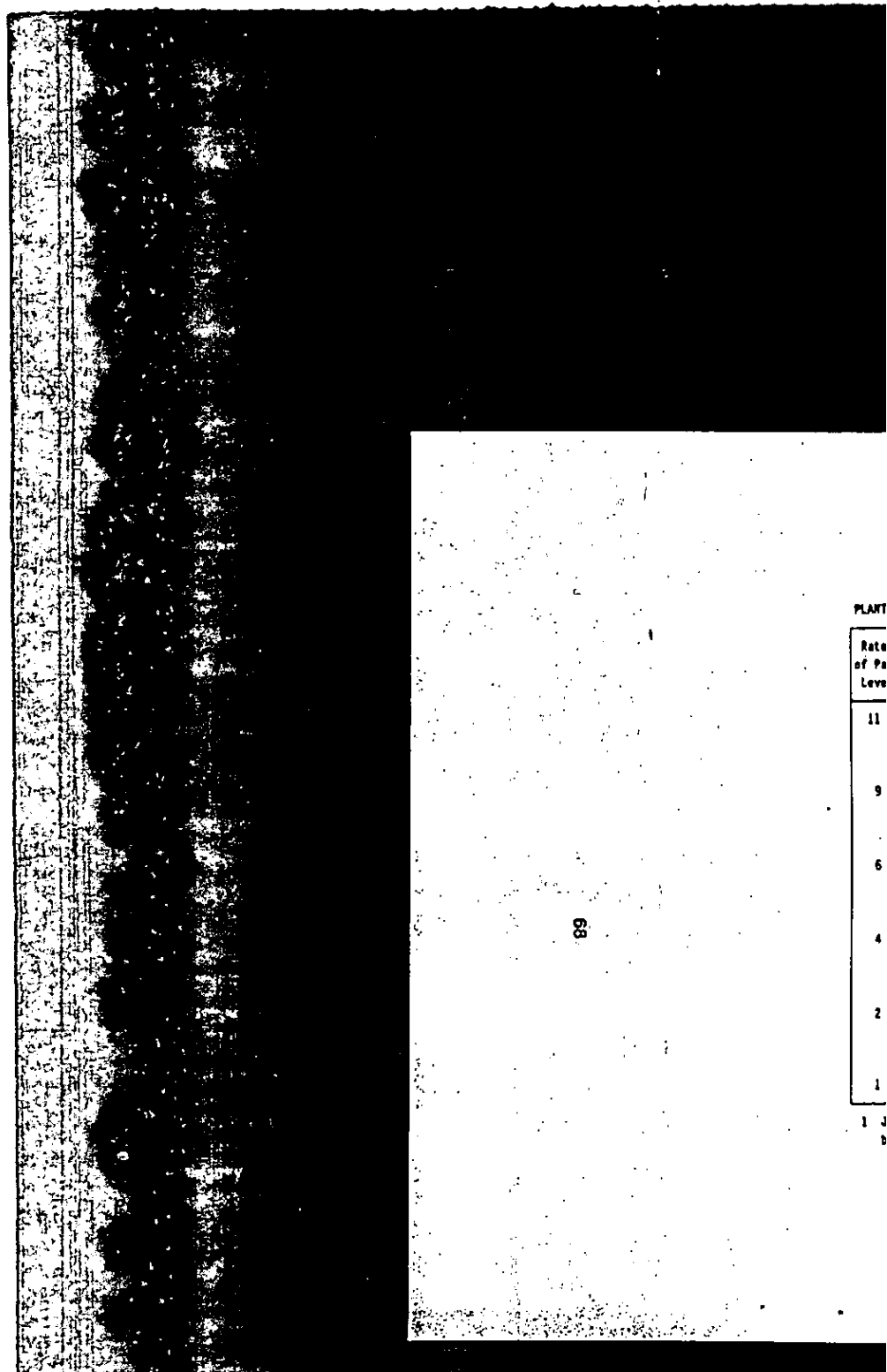
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Jan  
bef

67





PLANT

Rate  
of Pa  
Level

11

9

6

4

2

1

1 J  
B

89

# PLANT REFINERY DIVISION

| Rate<br>of Pay<br>Level | Tank/<br>Depa  |
|-------------------------|----------------|
| 6                       | Craneman       |
| 5                       | Oper           |
| 4                       |                |
| 3                       | Sub O          |
| 2                       | Help           |
| 1                       | Depart<br>Labo |
| 1                       |                |

- 1 Janitors will be given
- 2 See Letter of Understa  
Operator classificatio

## ADDENDUM I

### DISPUTE RESOLUTION GUIDELINES AND PROCEDURES

This procedure will only apply to proposed modifications, to be effective after the Initial Period of the Agreement, to wages (including amounts paid contractually on an hourly basis to employees but explicitly excluding any gainsharing compensation, overtime or holiday premiums) pension and ERISA welfare benefits, 401 (k) plan benefits, severance benefits, shift differential, holidays and vacation (collectively, the "Economic Terms"). Economic Terms shall not include proposed subjects not already included in the Agreement except by mutual agreement of the parties. This procedure applies only to modifications to existing Economic Terms. Any contract provision that the parties do not agree to modify and that is excluded from Interest Arbitration shall continue in effect for the term of the periods referred to herein or any New Agreement, whichever is later.

#### A. PROBLEM RESOLUTION

1. During the six (6) month period as provided in the Article entitled "Duration of Agreement" the parties will engage in good faith problem solving negotiations. The disputed matter will immediately be referred to the Joint Union-Management Cooperation Committee for resolution.
2. Should the Joint Union-Management Cooperation Committee fail to produce a resolution, the matter will immediately be referred to a designated group for the Problem-Solving process. The group shall be comprised of eight (8) persons, four (4) persons each from the Company and Union, selected by the respective Chairmen.
3. Should the group referred to in Paragraph 2 above fail to produce a resolution, the matter shall be referred to a group of Company and Union Executives designated by each respective organization and possessing the authority to commit their principles to terms which can resolve the matter subject to ratification by the Unions and the Company.
4. Should Problem Resolution fail to produce a complete resolution of all disputed matters subject to Interest Arbitration by the Anniversary Date, the matters in dispute will proceed to the Interest Arbitration process set forth hereafter.

#### B. INTEREST ARBITRATION

##### Pre-Hearing

If Problem Resolution fails, then in the thirty (30) day period following the applicable Anniversary Date, the parties shall:

1. Each prepare an outline detailing the items or issues in dispute setting forth any relevant background, facts, data or arguments in support of their position.

2. Jointly use the services of independent consultants, mediators or any knowledgeable party(ies) to assist in resolving their differences, if they mutually agree to do so.
3. Ask the arbitration panel to hear the dispute.

#### The Arbitration

All arbitration hearings shall be held in either Tucson or Phoenix, Arizona. Except as otherwise provided herein, such proceedings will be governed by the then-in-effect rules of the American Arbitration Association the ("AAA"). A complete hearing shall be held within thirty (30) days after the arbitration panel has been asked to hear the dispute. A stenographic record of the hearing will be taken and the Arbitrators shall base their decision upon the facts submitted in relation to the criteria set forth below, applicable law and the testimony and briefs of the parties. Each party's brief setting forth its position, arguments and conclusions shall be filed with the Arbitrators within thirty (30) days after receipt of the stenographic record. The recommendations for settlement, by the panel of Arbitrators, shall be rendered within thirty (30) days following the submission of the final brief. The parties shall then have forty-five (45) days in which to resolve their differences.

The panel of Arbitrators shall maintain jurisdiction in the matter. In the event the parties fail to resolve the matter within forty-five (45) days, the matter will automatically be referred back to the arbitration panel for final and binding resolution within thirty (30) days of referral. Such award shall be final and binding on both parties. All terms and conditions in effect prior to the invocation of Interest Arbitration shall remain effective pending resolution of the Interest Arbitration and shall be subject thereto.

In rendering their award, the arbitration panel shall consider all facts, testimony, information brought forth at the hearing(s), the parties' briefs and the following criteria:

- Magma's ability to pay, consistent with the profitability of the operations covered by this Agreement, Magma's total production costs including direct and indirect cash and non-cash charges, the effect on the Company's long-term economic viability, consideration of the legitimate interests of the Company's shareholders, and the ability to service and retire Company debt related to these operations, expansion of these operations or new operations covered by this Agreement.
- Total benefits and compensation accrued for the benefit of or paid to covered employees, as compared to other unionized copper producers in the United States.
- Magma's future capital requirements for the operations covered by this Agreement.

The arbitration panel shall have the authority to render a decision only with respect to the specific items submitted to it, but shall have the authority to increase or decrease (from the then-in-effect levels) any of such Economic Terms under consideration. The panel

shall consider the effect of any items the parties have previously agreed to, but shall not have the authority to modify same. The panel shall also have the authority to decide questions of timeliness and arbitrability.

The award of the panel shall be effective for a one (1) year period, commencing on or retroactive to the applicable Anniversary Date.

Each party shall pay for the services and expenses of any witnesses, consultants or expertise they employ.

All other costs incurred in connection with the arbitration shall be paid in equal parts by the parties.

#### Selection of the Panel

Upon signing of this Agreement the parties will request a list of fifteen (15) Arbitrators from the American Arbitration Association ("AAA"). The parties will select three (3) members for the panel and three (3) alternates.

In making the request the parties will inform the AAA of the need for Arbitrators meeting the requirements and qualifications set forth herein. The AAA will be requested to provide appropriate background information on each Arbitrator. Either party may reject all or part of the list in which case a new list will be requested. Failing to agree on three (3) Arbitrators for the panel and three (3) alternates from the lists or otherwise, the parties may jointly request the AAA to appoint the remaining member(s). Provided, however, if the parties fail to agree on at least three (3) members for the panel, then each party shall select one (1) member for the panel. The two (2) Arbitrators selected by the parties shall select a third Arbitrator within thirty (30) days. If the selected Arbitrators cannot agree on a third Arbitrator, the third Arbitrator shall be chosen by the then presiding Chief Judge of the United States District Court in and for the State of Arizona. The alternates will be designated first, second and third alternates. Should a vacancy occur on the panel the first alternate etc. would be assigned to the panel. The parties would use the above procedure to fill any vacancy.

All Arbitrators selected by the parties will be contacted by joint letter for the purpose of verifying their credentials and obtaining their agreement to serve as a panel member. Upon verification of an Arbitrator's qualifications by the parties such Arbitrator shall be deemed to be qualified. Upon request of either party, an Arbitrator will be removed from the panel, provided neither party shall invoke such right during the time frame that an arbitration hearing or decision is in progress. If the Arbitrator requires a retainer fee for being part of the panel, the parties will mutually agree as to whether such retainer is reasonable and if so agreed, then such retainer fee would be shared equally by the parties. The parties will each pay one half (1/2) of the Arbitrators' fee and expense for days on which they serve.

All Arbitrators shall be knowledgeable in the field and otherwise qualified by training and experience to decide the issues presented to them. Such experience shall include an understanding of business economics, corporate finance, and standard accounting procedures. No person shall be eligible for appointment as an Arbitrator who is not

neutral and impartial as to the parties, meaning that the person shall not be a present or former director, company or union officer, employee, shareholder or otherwise interested in either of the parties or in the matter or matters to be arbitrated, nor shall such Arbitrator be a present or former official or officer of any labor organization. If either party discovers or has knowledge that an Arbitrator under consideration is or has been a member of a permanent panel for the party, the other party will be notified and it may reject the Arbitrator.

Relationship With Other Provisions

Neither the provisions of the Dispute Resolution Guidelines and Procedures nor any arbitration award thereunder shall limit or abridge any rights of the Company retained by the Company in the Management Rights Article of the Agreement, including, but not limited to, the Company's right to suspend or terminate all or any part of its operations.

The provisions and restrictions contained in the Article entitled "Strikes and Lockouts" shall be applicable during the entire term of this Agreement, notwithstanding any pending or ongoing Dispute Resolution or Interest Arbitration procedures.